SOUTHERN AFRICA GLOBAL COMPETITIVENESS HUB

Trip Report: AGOA presentations for Angola

Travel Dates: March 9-12, 2004

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Purpose of Trip: At the request of the U.S. Embassy, Angola, the Hub provided a series of AGOA presentations to representatives of the public and private sector. The objective was to inform and discuss how Angola can take advantage of AGOA in relation to recent eligibility status announced by the U.S. government.

Location and Dates: The presentations were held over a two-day period, March 10 and 11, and were held at the Catholic University in Luanda.

Highlights:

- Consultation with the U.S. Embassy staff for several weeks prior to the event in terms of both the content of the presentations, the agenda, and logistics was excellent and our team wishes to express our sincere appreciation to the U.S. Embassy for their support. In particular, our thanks to Ambassador Dell; Inga Heemink, Political/Economic Officer; William Ayala, Economic/Commercial Officer; and Edward Stafford, Chief of the Political/Economic Section.
- Ambassador Dell opened the seminar and provided brief remarks. The agenda and topics for the presentations (see attached agenda) were designed to provide an overview regarding AGOA awareness as well as more specific topics on how to utilize the provisions of AGOA for developing trade and export strategies. In addition, the agenda included a review of trade policy initiatives of relevance for maximizing the broad benefits of AGOA. This included WTO, SACU and SADC trade protocols as well as relevant COMESA initiatives. Finally, the agenda presentations covered more specific areas regarding the role of customs administration and transport corridors for enhancing Angola's regional trading platform.
- The presentation included about 140 power point slides and a narrative backup which was made available to participants (see attached power point and narrative). The power point slides and narrative were provided in English and Portuguese versions. The English/Portuguese translation provided during the presentations and discussions was done by local translators acquired by the U.S. Embassy.
- The Embassy ensured that the event was advertised in local newspapers and radio. There was also press, radio and TV coverage during the event. An article in the Jornal de Angola was published on Thursday. In addition, according to the Public Diplomacy Section of the Embassy, Angolan TV (TPA), RTP-Africa, LAC, Radio Nacional, Radio LAC, LUSA and VOA published articles about the seminar in their main news bulletins. Moses Simemba and Ron Stryker were interviewed by TV and radio at the end of the presentations.
- Approximately 60 representatives attended the seminar over the course of the two-day period. (See the attached participant list. Only 50 participants formally registered). Following each presentation, time was allowed for questions and answers and dialogue on a number of issues. The audience seemed genuinely interested and asked many questions as well as to provide comments and concerns about the challenge ahead for Angola.

- The Hub promised that translated copies of the recent AGOA manual "A Comprehensive Business Guide to Trading under AGOA" will be provided to the US Embassy for distribution to participants of the seminar. (The Hub is working with CCA to complete the translation)
- Debriefings were held with the Embassy and USAID/Angola following the seminar.

Issues and Opportunities:

- As noted, there were no issues or constraints regarding doing the presentations. Excellent support from the U.S. Embassy made it possible. There were comments and issues that were articulated by participants during the question/answer sessions and these are highlighted below.
- Given the breadth and depth of AGOA, including the numerous compliance procedures that need to be put in place to take advantage of this preference program, there is a sense within the government and private sector that the challenge appears overwhelming. The presentations provided at this forum provided the first serious opportunity for Angolans to even begin thinking about AGOA. Thus, there is need to educate many more people in Angola about AGOA, how it works, and how to begin a process to utilize it effectively. To facilitate broader awareness, the government should consider setting up an AGOA desk that provides access to information, particularly in Portuguese. The Hub and other US government agencies could easily contribute information to such a one-stop shop.
- In terms of utilizing AGOA, particularly for building a trade relationship with the US, it will be critically important for the public and private sector to demonstrate a mutually compatible partnership for moving the country forward in a comprehensive and transparent manner. Forging such a partnership is not likely to come easy, given the history. It will take a concerted effort over the course of at least a year to build an effective public/private sector partnership. Assistance will be required to facilitate the process. One opportunity could be to ask CCA to help organize a US delegation consisting of business people and selected government officials to visit Angola. The primary purpose of the delegation could be to initiate a dialogue on how to formulate an effective public/private sector partnership, as well as an export-led development strategy.
- Participants commented that serious organizational and technical expertise inadequacies pose major impediments to the formulation and implementation of an export and trade development strategy. Lack of finance and awareness/commitment of especially the top leadership were also considered problems. The participants were advised that these problems could be addressed by the establishment of an effective and dynamic national public/private sector steering committee, which would articulate the country's intentions and champion advocacy to all relevant authorities and key partners. Those who participated in the workshop could take the initiative. Such a committee would more convincingly solicit and secure assistance from the US Embassy/ USAID and other donors and development partners.

- As part of the public/private partnership, Angola would be well served to formulate a viable and focused export promotion and investment strategy. Such a strategy should identify a few key sectors where a competitive advantage could be developed and which would also help to diversify the economy from its over-dependence on oil and minerals. The strategy should integrate economic reform, trade policy and public sector investment in support of private sector, export-led growth. The USAID Mission may be positioned to address this. Assistance from the Hub or other sources could also be considered.
- Agriculture is an important sector employing large numbers of farmers and small enterprise activities. However, the sector will need considerable attention over the long term to build a competitive export thrust.
- Currently, there is little potential for any large-scale textile/garment investment, however, given Angola's access to ports and potential to develop manufacturing, this sector may provide opportunities in the future. There are significant numbers of people who could develop competitive small businesses such as handicrafts and other value-added products linked to agriculture. However, development assistance will be required to overcome constraints.
- Helping Angola to re-engage in regional policy dialogue with its neighbors should be a priority. There is concern and fear that the SACU-US FTA may not benefit and actually marginalize the rest of the SADC countries including Angola; however, this concern is not grounded in factual information. There is a need to provide technical assistance to help Angola participate in regional trade frameworks, such as SADC and COMESA (if Angola decides to re-engage with the COMESA). Technical assistance is also needed to deal with the WTO and related policy issues linked to AGOA as well.
- Immediate attention should be given to improving the enabling environment for trade with Namibia, Zambia and the DRC as well as other key countries in the region such as South Africa. This could be done fairly quickly and would demonstrate not only to the region, but also to the outside world that Angola is serious about trade. In this regard, opportunities to work on custom reform and harmonization, extending the TKC corridor in Angola, and addressing trade policy and technical barriers could be undertaken relatively quickly.

Recommendations:

It is clear that if Angola is to take advantage of AGOA, much more will need to be done than just the seminar that we provided and reported on here. A number of possible actions are highlighted above, and others could be identified as well. Nevertheless, the appropriate way forward will need to be determined based on priorities. The US Embassy and USAID Mission are in the best position to determine this as they are engaged with the Angolan government and the private sector. Hopefully, our seminar will have catalyzed some initial thinking for all concerned.

Attachments:

Agenda
Participant list
Presentation narrative
Presentation slides

Annex 1: Agenda

Agenda para o Seminário do AGOA
10 e 11 de Março de 2004

Quarta-Feira, 10 de Março

9:00 – 9:15	**Notas de Abertura** - **Embaixador Christopher W. Dell**
9:15 – 10:00	**Introdução e Visão Geral do Centro de Comércio Regional**
10:00 – 11:00	**Visão Geral sobre o AGOA** - **História da legislação** - **Critérios de Elegebilidade** - **Beneficios do AGOA** - **AGOA I, II e III**
11:00 – 11:15	Intervalo
11:15 – 12:30	**Utilização do AGOA** - **Regras para a utilização do AGOA** - **Regras de origem do GSP** - **AGOA e Angola**
12:30 – 14:00	Almoço (não providenciado)
14:00 – 15:30	**Exportações ao abrigo do AGOA** - **Como exportar ao abrigo do AGOA** - **Estratégia e procedimentos para exportação** - **Desafios à exportação**
15:30 – 15:45	Intervalo
15:45 – 17:00	**Acordos Comerciais e iniciativas de politica regional** - **Estratégias de Politica Comercial** - **O Protocolo da SADC sobre Trocas Comerciais** - **Organização Mundial do Comércio**

Quinta-Feira, 11 de Março

9:00 – 10:00	**Barreiras Técnicas ao Comércio: Perspectivas de Politica** - **Fundamentos de boas práticas regulatórias** - **Acordos Internacionais**

- **Cooperação Internacional**

10:00 – 11:00 **Administração Aduaneira e Competividade Comercial**

- **Principais responsabilidades das Alfandegas**
- **Barreiras Tarifas e Não-Tarifárias**

11:00 – 11:30 Intervalo

11:30 – 12:30 **Transportes para o Exito no Comércio do AGOA**

- **Transportes e Competividade Comercial**
- **Principais Constrangimentos**
- **Situação de Angola e Futuro Rumo**

12:30 – 13:00 **Questões e Respostas, Notas de Encerramento**

Annex 2: Participant list

Name	Title		Organization
Videira Pedro	Director	Office of Studies, Planning, and Statistics	Ministry of Trade
Lando Sebastao Teto	Director	Department of Economic Programs	Ministry of Planning
Garcia Isaac Saldanha			Institute of Industrial Development of Angola
Alfonso Pedro Taba			Institute of Industrial Development of Angola
Jose Goncalves	Economist		Ministry of Industry
Lourenco da Cunha	National Director of Industry		Ministry of Industry
Jose Chinjamba	Legal Advisor		National Agency for Private Investment
Rosalina C. Vale	Economist		National Agency for Private Investment
Noises David	Lawyer		
Manuel Tomas Miguel Neto	Director	Department of International Relations	Ministry of Post and Telecommunications
Manuel Emilio Mendes	Director	Office of Studies and Planning	ENANA
Felisberto dos Prazeres Martins		America Desk	Ministry of Foreign Affairs
Gomes Cardosa	Director	Internal Commerce	Ministry of Trade
Iara F. Barbose Proenca Frisen			Secretariat of the Council of Ministers
Manuel Victor	Economist		Secretariat of the Council of Ministers
Mario Miguel	Director	Office of Bilateral Cooperation	Ministry of Foreign Affairs
Sapalo Antonio	Vice-Minister		Ministry of Industry
Mbumba Chico	Director	Department of International Economic Relations	Ministry of Trade
Aurelio Fernandes Cabenda			Industrial Association of Angola
D. Kakinda			UNITA
Jose Alberto Cardosa	Director of Trade Promotion		Chamber of Trade and Industry of Angola

Name	Title		Organization
Margarida Teixeir		Center for Economic Research	Catholic University
Francisco Matete			Free-lancer
Jose Inacio	President	Private Company	Industrial Association of Angola
Fernando Silva			Industrial Association of Angola
Jose Severino			Industrial Association of Angola
Nuno Manuel Pacienca de Menezes			Rainbow Angola, LDA
Francisco Luis Concalves	Manager		Ronalfs, LDA
Samor Machel Silva			F.P.I, LDA
Jose Amaral		Center for Economic Research	Catholic University
Hernani Antonio Dias Maximo			Technoserve, LDA
Jose Fernandes Fula			FNLA
Domingos Francisco Manuel			KEDA
Joao Paulino	General Director		AJMK EJPA - Construtora, LDA
Joaquim Almeida			Industrial Association of Angola
Andre Franco de Sousa			Business owner
Anot Marial Carlos dos Santos			Crianca Vida Esperanca
Jose Silva			Business owner
Teresa Vicente Muro			Business owner
Branca Neto do Espirito Santo			
Arlete Candida F Monteiro de Sousa			IMEXCO
Claudia Gomes			JMPLA/JAP
James Shyne	Economist and Project Coordinator		Catholic University
Nuno Pedro Jacinto			
Barrington Ellis	Consultant		Rocstone International Ltd
Elias Marcelino			Sister City - Luanda/Houston
Faizal Ussene			IMEXCO
Jose Rodriques Alentejo			Chamber of Commerce and Industry
Derek Clay	Senior Manager	Policy and Procedures	Crown Agents

Annex 3: Presentation narrative

SOUTHERN AFRICA GLOBAL COMPETITIVENESS HUB

AGOA and ANGOLA

Presented by
The Southern African Global Competitiveness Hub
Gaborone, Botswana
and
COMESA ALINC project
Lusaka, Zambia

COMESA

I. AGOA Awareness Overview
Moses Simemba
COMESA ALINC Manager

TRADE AND POVERTY

Africa in spite of having 13% of global population, still generates less than 2% of global trade and this explains why the continent, in spite of its massive resources is still grappling with poverty and a constellation of its attendant effects.

Trade is the most profitable business in the world today, and this can give Africa sustained economic development. The new generation of African leaders has realized this and they have been knocking on the doors of developed countries to open their markets to African products.

The knocks have not been in vain. Various developed countries have come up with various trade programs for Africa. On its part, the U.S. government enacted the African Growth and Opportunity Act (AGOA) to help eligible African countries sell their products on the US market duty and quota free. The US market is the biggest and most lucrative market in the world. However, it is also a market with highly discernable customers. As the saying goes, once you make it into the US market, you really make it big.

AGOA is first and foremost an opportunity and secondly it is a catalyst for helping to grow African economies through increased trade. Those countries that have firmly responded to this opportunity and seized it are already reaping rewards.

Introduction

The Africa Growth and Opportunity Act (AGOA) is part of the United States Trade and Development Act, passed into law by the US Congress in May 2000. This Act authorized a new trade and investment policy towards Africa. (The full text of the Act is available at the web site: www.agoa.gov and at the USTR website: www.ustr.gov).

The Act promotes increased trade and economic co-operation between the US and eligible sub-Saharan African countries. It provides unprecedented opportunities for sub-Saharan countries.

AGOA aims to:

- Promote increased trade and investment between the US and Sub-Saharan African countries by providing eligible African countries with liberal access to the US market. Many products of these eligible countries will have duty free access to the US market.
- Promote economic development and reform in sub-Saharan Africa, moving across a wide range of industries, granting tangible benefits to entrepreneurs, farmers and families; and
- Promote increased access and opportunities for US investors and business in sub-Saharan Africa.

This provision of AGOA gives sub-Saharan Africa suppliers a competitive edge over suppliers in countries with which the United States does not have a Free Trade Agreement. The tariff rates on many products can be quite high, and reducing them to zero for Sub-Saharan Africa exporters in eligible countries has enabled those suppliers to compete more effectively.

AGOA eligibility criteria

In considering the eligibility of Sub-Saharan countries for AGOA beneficiary status, primary consideration is based on:

- The existing criteria under the Generalized System of Preferences (GSP) program;
- New AGOA criteria; and
- New GSP criterion.

The new criteria include whether these countries have established or are making continual progress towards:

- Establishing a market-based economy
- Rule of law
- The elimination of barriers to US trade and investment
- Economic policies to reduce poverty
- The protection of internationally recognized worker rights; and
- A system to combat corruption.

Additionally, countries:

- Cannot engage in activities that undermine US national security or foreign policy interests;
- Cannot engage in gross violations of internationally recognized human rights;
- Cannot provide support for acts of international terrorism; and
- Must have implemented their commitments to eliminate the worst form of child labor.

Eligible countries:

Out of 48 Sub-Saharan African countries, 37 are now AGOA eligible and these are: Angola, Benin, Botswana, Cameron, Cape Verde, Chad, Republic of Congo, Cote d'Ivoire, DRC, Djibouti, Ethiopia, Gabon, The Gambia, Ghana, Guinea, Guinea Bissau, Kenya, Lesotho, Madagascar, Malawi, Mali, Mauritania, Mauritius, Mozambique, Namibia, Niger, Nigeria, Rwanda, Sao Tome and Principe, Senegal, Seychelles, Sierra Leone, South Africa, Swaziland, Tanzania, Uganda, and Zambia. Eritrea and the Central African Republic were dropped from the list at the end of 2003 while Sudan and the Comoros have never applied for eligibility. The other remaining 7 Sub Saharan countries have simply not met the criteria for AGOA eligibility.

Country eligibility

The US Government evaluates countries for AGOA eligibility each December. African economic and political reform is an important goal of AGOA. Countries must have established or be making progress towards establishing: good governance, market-based economy; elimination of barriers to US trade and investment; the rule of law; mechanisms to combat corruption; protection of internationally recognized worker rights; and economic policies to reduce poverty.

-Good governance: political pluralism, rule of law, right to due process and protection under the law.

-Free market access: eliminate market barriers to inhibiting trade and investment with the US by creating an environment conducive to attracting both domestic and FDI, protecting intellectual property rights, resolving bilateral trade and investment disputes.
-Transparency: transparent and predictable open-rules trading systems, protect property rights; discourage government interference in pricing, subsidies, and asset ownership.
-Anti-corruption: countries must eliminate bribery and corruption by improving mechanisms for government transparency.
-Labour rights: countries must recognize worker rights (right to associate, right to organize and bargain collectively), prohibition of forced, compulsory, or child labour and maintenance of acceptable working conditions with respect to minimum wages, hours of work, occupational safety and health.
-Poverty reduction: design and implement poverty reduction strategies to improve standards in education and health, develop basic infrastructure and encourage capital markets development and private enterprise growth.

Product eligibility

AGOA is the most comprehensive US unilateral preference program, granting duty-free entry for the largest number of products, providing eligible countries flexible apparel provisions and incorporating non-trade provisions for capacity building.

AGOA provides duty-free treatment for over 6,300 products. The legislation expands the regular GSP in two ways: 1-By adding 1,850 non-textile products exempted from the GSP due to import sensitivity; and by allowing duty-free treatment for roughly 550 garment items, including clothing produced from third country yarn and fabrics.

All but handful products enter the US duty-free. In 2002, as an example, 94% of US imports from AGOA eligible countries entered duty-free.

The few products not eligible for duty-free status under AGOA are: home furnishings, other textile mill products, certain steel products, and some agricultural products like canned apricots, canned peaches, and dehydrated garlic. In addition, duty-free imports of agricultural commodities that are produced both in the US and Africa such as cotton, peanuts (groundnuts), sugar and tobacco are capped at low levels. However, even these products are eligible regardless of quality when entered in more processed forms, i.e. cereals from grain, clothing from cotton, yarns and fabrics and small assemblies from steel. The full list is of products that may enter the US market duty-free under AGOA may be found at: http://www.ustr.gov/regions/africa/agoa.html.

AGOA benefits

On 21st December 2000, the US President extended duty free treatment under the GSP to AGOA eligible countries for more than 1,835 tariff line items in addition to the standard GSP list of approximately 4,600 items available to non AGOA GSP beneficiary countries.

In specific terms, the following are some of the benefits accruing from AGOA:

- More certainty for Duty free benefits up to 2008 and once AGOA is extended up to 2015 or beyond.
- End of Competitive Need Limits for Sub-Saharan Africa (AGOA exempts eligible Sub-Saharan countries from normal GSP program limitations on value and percentage of trade in a specific product, known as “competitive need limitations”. This benefit contributes to a more secure long-term sourcing relationship between sub-Saharan African exporters and US customers).
- Special Rule for “Lesser Developed beneficiary Countries” (These countries with a per capita GNP under $1,500 (though there are exceptions) will enjoy duty-free access for apparel made from fabric originating anywhere in the world until September 2004. There are proposals to extend this period by 2 to 3 years. However, a country needs to have an approved Visa system prior to exporting textiles and garments to the US. The Visa system is designed, to among other things, curb illegal transshipments and use of counterfeit documentation.)
- AGOA promotes the use of technical assistance to strengthen economic reforms and development, including assistance to strengthen relationships between US firms and firms in Sub-Saharan Africa.
- AGOA has also helped establish the US-Sub-Saharan Africa Trade and Economic Cooperation Forum to facilitate regular Ministerial-level trade and investment policy discussions.

AGOA 1, 11 and 111

The difference in AGOA 1 and 11 is essentially that under AGOA 1, Knit-to-Shape apparel i.e. components that take their shape in the knitting process, rather than being cut from a bolt of cloth did not qualify for AGOA benefits, but under AGOA 11 they qualify for AGOA benefits. Further under AGOA 1, Botswana and Namibia were not treated as Least Developed Countries since they have per capita GNP of more than $1,500. AGOA 11 conferred the LDC status upon these two countries specifically to allow them use yarn and fabric from anywhere in the world like other LDC’s until September 30, 2004. Under AGOA 1, Hybrid cutting i.e. cutting of fabric could only occur either in the US or AGOA countries, but not both. AGOA 11 says Hybrid cutting i.e. cutting that occurs both in the US and AGOA countries does not render fabric ineligible. Under AGOA 1, apparel articles assembled in less developed countries in Sub-Saharan Africa, regardless of origin of fabric entered the US market duty-free. Under AGOA 11, Least Developed Countries apparel was made eligible for duty-free treatment regardless of origin of fabric and yarn. In short AGOA 11 has improved the shortfalls of AGOA 1. As of now, AGOA 111 legislation is now before the US Congress and is expected to be passed by mid 2004. Some of the keys issues in AGOA 111 relate to the extension of the Special textile provision by two to three years. This provision presently allows Least Developed Countries (LDC’s) to source fabric and yarn from anywhere in the world till September 2004. The other issue relates to extending AGOA beyond 2008.

II. AGOA Utilization
Moses Simemba
COMESA ALINC Manager

<u>RULES FOR UTILIZING AGOA</u>

The US Customs Service recommends that certain steps be taken to ensure faster customs clearance. These rules pertain to all goods imported into the US and not just products receiving preferences under AGOA.

Requirements for smooth export transactions:

- Include all information required on your Customs invoice
- Prepare your invoices carefully. Type them clearly. Allow sufficient space between lines. Keep the data within each column.
- Make sure that your invoices contain the information that would be shown on a well-prepared packing list
- Mark and number each package so that it can be identified with the corresponding marks and numbers appearing on your invoice
- Show on your invoice a detailed description of each item of merchandise contained in each individual package
- Mark your goods legibly and conspicuously with the name of the country of origin unless they are specially exempted from the country-of-origin marking requirements and with such other markings as required by the marking laws of the US
- Comply with the provisions of any special laws of the US, which may apply to your goods, such as the laws relating to food, drugs, cosmetics, alcoholic beverage, radioactive materials and others
- Observe, closely, the instructions with respect to invoicing, packaging, marking, labeling, etc sent to you by your customer in the US. Your customer has probably made a careful review of the requirements which will have to be met when your merchandise arrives
- Work with US Customs in developing packaging standards for your commodities
- Establish sound security procedures at your facilities and while transporting your goods for shipment. Do not give narcotics smugglers or terrorists to introduce harmful items into your shipment
- Consider shipping on a carrier participating in the Automated Manifest System.
- If you use a licensed customs broker to handle the transaction, consider using a firm that participates in the Automated Broker Interface.

GSP Rules of origin for non Textile products

(GSP is an arrangement where developed countries allow most products from developing countries to enter their markets duty-free as long as they meet Rules of origin criteria)
A product must meet the GSP program rules of origin to qualify for duty-free access to the US under AGOA or the GSP program. The GSP rules of origin require that a product be the "growth, product or manufacture" of a beneficiary sub-Saharan African country

and that the article must be imported directly from beneficiary country into the US. Furthermore:

- The sum of the cost or value of materials produced in the beneficiary country plus the direct processing costs must equal at least 35% of the appraised value of the product at the time of entry into the US
- Imported materials may be counted towards the 35%, but only if the materials are "substantially transformed" into new and different constituent materials of which the eligible article is composed

If an imported article has been produced in part in several countries that are members of an association (such as COMESA or SADC) contributing to the regional economic integration of its members, the articles will be accorded duty-free entry if the value of their collective production of the article accounts for at least 35% of the appraised value of the article. The level of value added is the same as would be required for a product imported from a single country.

In most cases, US Customs will appraise the merchandise at the transaction value, that is, the price actually paid or payable for the merchandise when sold for export to US. This value would include the following elements:

- The packaging costs incurred by the buyer
- The selling commission incurred by the buyer
- The value of any assistance provided to the producer free of charge by the buyer
- The royalty or license fee that the buyer is required to pay as a condition of the sale
- The proceeds accruing to the seller of any subsequent resale, disposal, or use of the imported merchandise

In general, shipping and other costs related to transporting the GSP articles from the port of export to the US are included neither in the value of the article nor in the value-added calculation. The costs of processing include all costs, whether directly incurred in or those that can be reasonably allocated to the growth, production, or assembly of the merchandise in question.

These include the following:

- Actual labor (fringe benefits, and on the job training costs)
- Engineering, supervisory, quality control et al
- Machinery depreciation, moulds and tooling costs
- R & D, design, inspection and testing costs

The costs that may not be included in the direct costs of processing are:

- Profit
- General expenses/overheads such as salaries, casualty and liability insurance, advertising, and sales representative's salaries, commissions or expenses

Further details on this can be found on web site: www.customs.gov (National Commodity Specialist Division, US Customs Service).

Special Rules for Apparel and Textiles Preferences

There are several regulations pertaining to textile and apparel. The full list is available at: www.otexa.ita.doc.gov

AGOA and Angola

Angola only became AGOA eligible in December 2003 and therefore AGOA exports may not be substantial. However, Angola was the leading GSP beneficiary in the world for years 2001 and 2002 with $2.7 billion in benefits, although Angola's utilization increased only 3.5% from 2001. Angola benefits from a provision, which makes petroleum products, exported from Least Developed beneficiary countries GSP eligible. Angola is also one of the four (Nigeria, South Africa, Angola, and Gabon) principal Sub-Saharan African suppliers to the US.

Some of the major exports from Angola to the US are:

- Chemicals and related products
- Energy related products
- Minerals and metals
- Machinery
- Transport equipment, and
- Electronic products

The major imports of Angola from the US are:

- Agricultural products
- Forest products
- Textiles and garments, and
- Foot wear

Apart from energy products, Angola is capable of exporting the following products:

- Synthetic fiber
- Agricultural products (coffee, fruit juices, nuts, essential oils et al)
- Fish (tuna), and
- Fertilizers

The beauty with coffee beans is that USDA exempts them from the usual food certification process.

Angola has come into the AGOA game a bit late, but it is better late than never. There is need for the Angolan Government to come up with a national strategy on how the country can best benefit from AGOA. The Southern Africa Global Competitive Hub can help in this regard. Some of the successful AGOA exporting countries have heavily invested in infrastructure such as industrial parks, which have greatly assisted in export led production of textiles and garments.

What US firms look for

An Africa supplier should be:

- Dependable (have e-mail, phone, fax and communicate effectively)
- Quality of product
- Logistics of importing
- Methods of payment (Confirmed letter of credit)

How to access the US market

Once you have identified products to export to the US, the next step is finding buyers and business partners. You can access the US market through any of the following:

- Individual initiative
- Using the internet
- Participate in sector specific trade shows
- Use your Embassy in Washington, DC
- Liaise with your Export Promotion Council
- Liaise with US Foreign Commercial Office
- Liaise with the US Embassy in Luanda

Regional Support Programs

In 2001, the US government with funding from USAID established three Regional trade Hubs in Africa to support Global Competitiveness. The Trade Hubs are based in Botswana, Ghana, and Kenya.

The Hubs provide services for a) strengthening the capacity of national governments and businesses to take advantage of AGOA, b) attracting US investor attention to their region of focus, c) Supporting transport corridor and customs harmonization parternerships, and d) assisting firms and governments to comply with international regulatory requirements.

AGOA LINKAGES IN COMESA (ALINC)

The Common Market for East and Southern Africa (COMESA) in conjunction with the International Executive Service Corps (IESC) and with funding from USAID/REDSO launched the ‘AGOA Linkages in COMESA (ALINC) in July 2002. ALINC has offices at the COMESA Secretariat in Lusaka and in Washington, DC.

ALINC provides services to increase AGOA awareness among stakeholders in COMESA countries and is designed to accelerate export trade between COMESA sellers and US buyers.

ALINC works on:

- Firm identification and qualification:
- With IESC Volunteer Experts
- Information dissemination
- Technical assistance
- Business Linkages

III. AGOA Exporting
Moses Simemba
COMESA ALINC Manager

HOW TO EXPORT UNDER AGOA

The whole essence of AGOA is to promote trade between Sub-Saharan Africa and the US and to help stimulate investment necessary for sustained economic growth in Sub-Saharan Africa.

EXPORT STRATEGY AND PROCEDURES

It is important that Angolan business people learn not only the commercial aspects of exporting to the US, but also to work closely with Government to develop a national strategy with transparent procedures that will facilitate exporters and attract investors.
The public and private sector and all relevant organizations should work together to develop a national strategy for exporting.

The following are some of the procedures you need to keep in mind when exporting to the US:

- Obtain the Customs export document from your local Revenue Authority and indicate on it the range and value of products meant for export.
  -Prepare an original commercial invoice and packaging list for shipment;
  -An airway bill or bill of lading for transportation of exports should be obtained either from the freight forwarder or the transporter being used.
  -All potential Angolan exporters should also bear in mind that the US importer has certain import obligations. For the US importer to fulfill these obligations easily, the exporter must provide accurate product information to the US importer and keep up to date records to facilitate periodic reviews of the accuracy of the declarations to other records, as these may be required from time to time.
  -The verification procedures provided for less than 19 CFR 10.173 (www.customs.gov) will also apply to claims made under the enhanced GSP portions of the AGOA. Failure to provide sufficient documentation to support the claim to Customs upon request will result in the claim's denial. Although the claim denial will directly affect the US importer this also has the consequential effect of affecting the African exporter.
- Export certification:
  1. Angola is not yet textiles and apparel eligible therefore getting certificate of origin for purposes of exporting textiles apparel may not be necessary now.
  2. For fresh agricultural produce, you will need to wait for the Pest Risk Assessment (PRA) Permit, but is important that as a country, you come up with a Pest List so that whenever, Animal, Plant and Health Inspection (APHIS) people from Washington, DC come here for the PRA process, their work will made much easier. www.aphis.usda.gov
  3. For wood products, there is need to ensure that your forests are certified as per requirements of forest stewardship Certification Council.

4. For gemstones, your Ministry of Mines should be able to assist with export procedures.
5. For the other exports, compliance with your Customs and Customer requirements is important.

More information on this including on Rules of origin can be found on web site: www.customs.gov

Other important Compliance matters

A license or permit from the responsible US agency may be necessary for one to import into the US the following products:

- Alcoholic beverages
- Animal and animal products
- Certain drugs
- Firearms and ammunition
- Fruits, nuts
- Meat and meat products
- Poultry and poultry products
- Milk dairy and cheese products
- Vegetables et al

There are also restrictions on importation of certain trademarks and copyright articles. Certain items in these categories may also be prohibited.

The following items must comply with applicable regulations of other agencies:

- Art materials
- Cultural property
- Hazardous/toxic/flammable materials
- Household appliances
- Some electronics products
- Toys and other children's articles

Distribution and marketing

Distribution and marketing in the US can be tricky and complex. When marketing directly, a company performs research, planning and distribution. This method requires huge resources in terms of both capital and time and it therefore more suitable for large-scale companies. For a good number of small and medium scale (SME's) companies it is recommended (at least in initial three years or so) to market indirectly through third parties or intermediaries. The advantage of marketing via third party arrangements is that the SME benefits from export skills and expertise of the intermediary while maintaining control over the export process. Such an arrangement can also help hedge against certain financial risks since the intermediary when identifying overseas buyers, shipping products and payment accruals, assumes these.

Production and export costs

Any AGOA exporter should examine the production costs to determine whether the AGOA eligible product that they intend to export can be price-competitive. In reality, price is determined by the market or the importer, and the question is whether the final cost at merchandise delivery is less than or equal to the market price or in accordance with the importer's target price.

The producer should therefore always research competitor prices for similar goods, including production, transportation and of particular importance the tariff costs. If you are not a very efficient producer it is better to produce those products which attract a high tariff for the non AGOA exporter so that the tariff spread can accommodate or cover some of your inefficiencies. At the end of the day, your price must be equal to or lower than that of your non-AGOA or AGOA competitor.

Export Challenges

1. Price, volumes, quality, delivery time
2. Need for adherence to the new Bioterrorism Act. Final regulations on this were issued on December 12, 2003. Under this legislation, food exporters must give prior notice of food shipments to the Food and Drug Administration (FDA). The notice must include a description of the article, the manufacturer and shipper, the grower, country of origin, the country of shipment exit, and the anticipated port of entry in the US. This is among other things aimed at safeguarding the health of American people, and animals. Full details of this Act can be found on the website: **http:/www.fda.gov/oc/bioterrorism**

IV. Trade Policy Initiatives: Opportunities for Angola

Kathleen Trask, Ph.D.
TBT Advisor, TSG

The objective of this presentation is to place AGOA within the broader context of Angola's current trade policy initiatives and opportunities and further to place these initiatives within the context of Angola's overall development objectives. AGOA is but one of the trade initiatives which can allow Angola to take advantage of the benefits of integration with the global economy. Recent evidence has demonstrated that AGOA's impact in Sub-Saharan Africa ultimately depends on the supply responses of beneficiary countries. In turn, such supply responses depend critically on an appropriate trade and economic policy framework essential to creating the capacity for production.

The presentation is divided into two parts. In the first section, I begin with an overview of the potential role of trade policy in the achievement of development objectives and review the opportunities available to Angola through its current initiatives. In the second part of the presentation, I focus on two of these opportunities: the SADC Trade Protocol and the WTO.

Trade Policy Strategies

As part of the overall policy framework, trade and investment policy has a central role to play in the achievement of Angola's development agenda. In designing such a framework, policy makers must ask how trade policy can help to attain overall growth in the economy and to ensure that all members of society receive the benefits of such growth. In formulating a trade strategy to meet these objectives, policy makers face some basic choices – should the economy choose an inward or outward orientation with regards to integration into the global economy?

With respect to achieving overall growth in the economy, many years of evidence have demonstrated the links between openness and growth: Poor countries that integrate with the global economy grow faster. While many critics of globalization argue that such growth does not benefit the wider population, the available evidence does not support this conclusion. Influential recent studies have demonstrates that in fact the "incomes of the poor rise one-for-one with overall growth" and "Openness to international trade benefits the poor to the extent that it benefits the whole economy" (Dollar and Kraay, 2000).

Inward looking policies of import substitution have been implemented by a number of developing countries in the past four decades. As a result, there is substantial evidence as to the success of such policies in many regions, in a variety of economic circumstances. The experiences of these economies have been much the same: stagnant growth, high levels of market distortion, and lack of development.

In contrast, evidence from the experiences of those developing countries which have adopted an outward orientation and integrated with the global economy, provides a much different picture. The most defining characteristic of the East Asian "Miracle Economies" has been their reliance on the global economy. In recent years, both China and India have reversed previous policies of import substitution in favor of global integration with substantial increases in growth and reductions in poverty. The experience of Mauritius provides a regional benchmark. Mauritius has a per capita income more than five times higher than the average for Sub-Saharan Africa and more than two and a half times that of all developing countries. This achievement is largely based on trade promoting policy reforms that have allowed Mauritius to take advantage of opportunities available on world markets.

In choosing to integrate into the global economy, policy makers can choose among many different types of paths: Unilateral, Bilateral, Regional, and/or Multilateral. All options are available to Angola and can be mutually supporting on the path to global integration. Unilateral initiatives have the advantage that no negotiation is required with partner countries as they are completely within control of domestic policy makers. Furthermore, all available theory and evidence demonstrates that for small, open economies such as Angola most of the benefits of global integration can be achieved at a single stroke. However, such unilateral methods are often politically difficult and often slow. Given the political difficulties involved, issues arise with respect to the credibility and permanence of such reforms can undermine effects. Finally, since such unilateral initiatives involve the lowering of import barriers, there is a tendency to reflect only the interests of import competing sectors not export sectors.

Regional and bilateral initiatives can help to overcome many of the obstacles to unilateral negotiation. As they involve negotiated access to the markets of trading partners, exporter interests are represented as well as the concerns of importers. The number and scope of such arrangements has increased enormously in recent years. Such initiatives can also help to provide momentum to the larger multilateral initiatives undertaken in the WTO that allow for more generalized liberalization and a coordination of interests among states with similar concerns.

However, trade policy is only one part of the solution. For those economies which have had disappointing experiences with global integration, the available evidence indicates that the cause is not integration but the lack of necessary complementary reforms. In addition to a sound overall economic policy framework, “Behind the Border” issues must be addressed in order to obtain the benefits of integration. These issues include policies which support a favorable investment environment, clear and transparent regulatory and legal regimes, trade facilitation and customs issues…

Angola: Current Initiatives

Today, Angola faces numerous economic and social challenges and opportunities. With respect to trade policy and reform, many opportunities for integration on many levels are now available and substantial internal reforms have been undertaken or are in progress.

Since 1999 Angola has substantially reduced and rationalized the structure of import duties by reducing the top rate from 110% to 35% and again to 30% in recent months.

Overall, the structure is rational with only five ad valorem tariff bands ranging from two percent to 30 percent. Such a simplified tariff structure minimizes substantially the distortions caused by protection. In considering further reform and in particular engagement in regional and multilateral initiatives, Angola is well placed by virtue of a low reliance on taxes on international trade which accounted for only 5.5% of total revenue in 2002 – much lower than many countries in the region. Angola is currently participating in or negotiating a number of trade initiatives including AGOA, the SADC Trade Protocol, COMESA, the WTO and the EU EPAs initiatives. All of which provide substantial opportunities for Angola's exporters and will assist in achieving the goal of economic diversification. In order to take advantage of these opportunities, policy makers must also consider existing constraints and necessary complementary reforms.

SADC Trade Protocol

Angola formally acceded to the SADC Trade Protocol in March 2003 and is currently in the process of preparing a schedule for implementation. Angola's participation in the Midterm Review process provides an ideal opportunity for consideration of issues in the preparation of its schedule. The SADC Trade protocol itself has been in effect since 2000 with the goal of greater regional integration and the enhancement of economic development through the liberalization of trade in the region achieving a free trade area in the region by 2012. While the protocol addresses many barriers to trade, the greatest effort to date has been the elimination of tariffs. In working towards the achievement of the free trade area, member states submit two offers by which they will phase down tariffs to zero over the implementation period. The offers are asymmetric with member states making one offer to South Africa and a "differentiated offer" to the remaining states. All of the member states have chosen slower implementation vis-à-vis South Africa. As a customs union with a common external tariff, SACU necessarily has only submitted a single phase down offer.

There are several exceptions and exclusions to general liberalization under the trade protocol. In addition to measure which safeguard national Security, public health and safety, several goods are excluded from any liberalization and a number of special measures are allowed including: anti-dumping, emergency safeguards, infant industry protection, etc.

As the majority of liberalization will occur in the first eight years of implementation, 2004 marks the mid-point and the member states are in the process of a Midterm Review of the Trade Protocol – a process in which Angola will play a guiding role as a member of the steering committee. This provides the member states and Angola to review the success and problems experienced in the last four years. Issues for study include the speed of implementation, the economic impact, rules of origin, technical barriers to trade and non-tariff barriers. One particular issue for Angola to consider as it prepares its implementation schedule is the speed at which it chooses to phase down tariffs. Current member states have chosen to delay implementation – "back-loading" their tariff offers so that the largest portion of liberalization will occur in the last four years of liberalization. However, the largest benefit of liberalization through the SADC Trade

Protocol will come from liberalization with most important trading partners. By choosing to phase down tariffs quickly where there is little current or likely future trade is unlikely to provide substantial benefits. Within SADC, SACU- particularly South Africa – constitutes the vast majority of Angola's trade and it is through liberalization with SACU that Angola will see quickly the benefits of regional integration.

World Trade Organization

The WTO began in 1995 as a result of the GATT Uruguay negotiations with Angola acceding in 1996. Currently with 146 members, its purpose is to facilitate trade flows, to serve as a forum for trade negotiations, and to work towards dispute settlement among the member states. It works to achieve these objectives within the context of its overall principles of non-discrimination, freer trade through negotiations, predictability of policies, encouragement of competition, and the encouragement of development and economic reform. As a complete overview of the WTO and Angola's participation is far beyond the scope of this presentation, this objective of this final section of the presentation is simply to highlight recent issues.

Over the last several years, the WTO and its role – particularly in promoting the interests of developing countries – has been at the center of vehement debates on the benefits of globalization – culminating in the breakdown of talks in Cancun. At the heart of this controversy is the tension between developed and developing countries and then benefits likely to accrue to each from further liberalizations. What then are the likely benefits to the developing countries?

Conservative estimates of the ANNUAL benefits of WTO liberalization to Developing Countries from Uruguay Round places the value at $109 Billion in 1995 dollars. However, in light of recent controversies, the breakdown of these benefits is perhaps surprising. 60 percent of this benefit arises from liberalization undertaken by Developing Countries. The reason for this is straightforward; tariff barriers are on average higher in developing countries. Agricultural trade liberalization on the part of the developed countries was a central issue leading to the breakdown of the talks in Cancun. From the Uruguay Round, the benefits accruing to developing countries from agricultural trade liberalization were estimated at $43B. However, of that amount 73 percent arises from developing country liberalization. In fact, the developed countries gain a much greater amount from overall agricultural liberalization. While perhaps counter to current arguments, the basic explanation is that protection is most costly to the "protected" country. Similar trends are found in manufactures and textiles and clothing. The message in these figures is NOT that developed country protectionism – particularly in key sectors such as agriculture – is not an important issue for developing countries. However, it does suggest that there is much that developing countries themselves can do to achieve the benefits of freer trade while at the same negotiating for greater access in developed country markets.

The current round of WTO negotiations – the Doha Development Round – was launched in 2001 and currently has a deadline for negotiations in 2004. The failure of the recent

Cancun ministerial to move these negotiations forward, jeopardizes a substantial opportunity for developing countries. In addition to disputes over developed country agricultural policies, the “Singapore Issues” were the core issues. The Singapore Issues include a vast array of policies including: rules on investment, competition policy, government procurement, and trade facilitation. However, these are only two of the many issues of critical importance to Angola and developing countries and their ability to take advantage of the global economy are at risk should the negotiations continue to stall.

Conclusions

This presentation has provided a rapid overview of the broader role of trade policy in the development objectives of Angola. By taking advantage of increased opportunities for market access provided by programs such as AGOA, Angola is well placed to take advantage of the many benefits of integration into the global economy.

V. Technical Barriers to Trade: Policy Perspectives

Kathleen Trask, Ph.D.
TBT Advisor, TSG

The objective of this presentation is to address policy issues regarding Technical Barriers to Trade (TBT) and how it relates to Angola's ability to take advantage of the benefits offered by AGOA and similar initiatives.

In general discussions, "Technical Barriers to Trade" covers a vast number of topics relating to Technical Regulations and voluntary standards. The former referring to mandatory measures while the latter are industry driven. It should be stressed at the outset that technical regulations and standards are NOT equivalent to barriers to trade. In this sense, they are quite different from traditional barriers to trade such as tariffs. Domestic and international regulatory systems are central to issues of competitiveness and the promotion of free trade. A strong domestic regulatory system is critical to not only to consumer health and safety but also the efficiency of firms. Additionally, a transparent and logical system of regulations is a key component in increasing the attractiveness of Angola to investors.

However, in some settings technical regulations and standards can form a substantial obstacle to securing the gains of increased market access. As consumers the world over demand higher standards in many areas, the costs of meeting such standards have increased. The high fixed costs of meeting such standards by developing country exporters and the maintenance of adequate regulatory systems for developing country governments can form a substantial barrier. In another setting, as traditional barriers to trade have fallen in importance, concerns regarding technical regulations as simply disguised protectionism have increased.

In the following presentation, I address two issues. First, Angola's regulatory system and second the opportunities available to Angola to help exporters to meet international standards.

Basics of good regulatory practice

While there are differing approaches to the management of technical regulations such as those of the US and the EU systems, there is a consensus regarding the basic building blocks of good regulatory practice. These include: An overall Regulatory Policy Framework guiding the formation of regulation with a consistent set of principles and provides for oversight. Prior to intervention, a provision for regulatory impact assessments should be made in order to ensure that the technical requirement provides a net benefit that exceeds the costs of intervention. The design of technical regulations and compliance through conformity assessment procedures should conform to accepted international standards wherever possible. The differing approaches to the management of standards each have strengths and weaknesses. For Angola, the question is to adapt these systems to their particular environment.

Angola: Current Structures

Although Angola currently has no overall regulatory framework the preparation of a draft policy and legislative guidelines is in process. There is no central authority responsible for the formulation or coordination of TR, the Angolan Institute for Standardization and Quality (IANORQ) under the Ministry of Industry and Trade is placed to provide general guidelines. Currently, technical regulations exist in a number of sectors but responsibility for their formulation, administration, and enforcement is spread across a number of ministries. Conformity assessment measures are largely limited to export oriented sectors. As Angola works to develop an overall system of domestic regulatory management, participation in the international agreements can assist in this process.

International Agreements

As a member of the WTO, Angola is subject to the terms of the WTO TBT Agreement which operates on several basic principles. First technical regulations should abide by the principles of Most Favored Nation and National Treatment. The "sham principle" states that standards should not be designed as a form of disguised protectionism. Standards should be designed with the goal of the "least restrictive means" possible for the achievement of the objective. Finally, technical regulations should abide by the principle of transparency. Within the Doha Development Agenda, TBT issues of particular concern to developing countries are addressed. Measures proposed include longer periods for developing countries to comply with new regulations, technical assistance for implementation and encouraging the participation of developing countries in international standards setting organizations.

TBT issues also form a part of the SADC Trade Protocol. While only briefly mentioned in the protocol itself, member states have developed a Memorandum of Understanding with regards to issues of Standards, Quality Assurance and Metrology (SQAM). In the future it is envisioned that this memorandum will be developed into an Annex to the Protocol. The structures created by the protocol have worked actively to address TBT issues within SADC in a number of areas. The approach is complementary to that of the WTO TBT agreement and encourages member states to accept the standards of members as equivalent where possible.

International Cooperation: Issues for Angola

Participation in international agreements provides many opportunities for Angola to overcome technical barriers to trade in securing market access.

With respect to the WTO TBT Agreement, Angola is at the beginning of the process of implementation which requires key communication activities and the development of the required institutions and contact points. All of these activities will assist Angola in the process of developing its overall regulatory structures. Participation in the WTO TBT Committee will allow Angola to take part in the formulation of policies addressing areas of concern for Angolan exporters. Also, in this regard, Angola is currently a member of a number of the international standards setting institutions. Additionally, by taking advantage of opportunities for technical assistance, the costs of implementation and market access can be reduced.

As Angola a participating member of the SADC trade protocol, important regional initiatives with regards to TBT are available. The SADC SQAM structures have been actively engaged in addressing TBT issues in the region. Angola in particular has benefited from regional cooperation in standards and conformity assessment. Given the small size of most of the SADC economies and the high fixed costs of establishing and maintaining regulatory structures and standards institutions, there exist enormous advantages to sharing of regional resources in these areas.

Conclusions

As traditional barriers to trade decline in importance, TBT take on increasing importance. Overcoming technical barriers is critical to Angola's ability to take advantage of expanded market access opportunities.

VI. Customs Administration and Trade Competitiveness

Theo Lyimo
Southern Africa Global Competitiveness Hub Customs Reform Advisor

The emphasis of my presentation is the role the Customs can play in enhancing competitiveness on the supply side. The preferences given by AGOA, or any other preference scheme, do not replace the need to develop competitiveness on the supply side. Reduction of production and logistics costs throughout the supply chain will supplement the competitive edge provided by the preferences; it will widen the competitiveness gap between suppliers with preference and those without preferences. That gap is very narrow since the MFN rates of duty of developed countries like the US are very low, and there are suppliers from outside Sub-Sahara Africa (SSA) that are able to penetrate the market even without preferential treatment of their products.

In fact there is evidence indicating that the Rate of Utilization of the major preference schemes like the GSP, the EC-ACP Lome Conventions and regional preferences is quite low. Although developing countries put the blame on the rules of origin, I think the real cause is lack of competitiveness on the supply side. The preferences are mistaken as the all-embracing solution to market access without appreciating that they are only a contribution to the facilitation of market access by the market side. Preferences do not replace competitiveness.

As countries embark on implementing AGOA, they should at the same time be thinking of how to reduce the costs of producing for export. This requires a friendly enabling environment as well as effort by the producer/exporter to reduce the costs of the trade transaction and to meet the requirements of the importer regarding quality, packaging, delivery times and other conditions.

The Enabling Environment

For our purposes the environment is friendly where there are the following factors:

- An attractive socio-economic climate;
- Availability of raw materials/inputs or efficient sourcing from outside the country;
- Tariff investment incentives;
- Simple trade procedures and streamlined documentation;
- Transparent administrative controls.

The government and related administrative authorities are the key players in creating the enabling environment. The Customs, in particular, has an important role in all the factors mentioned above.

Major Customs Responsibilities

In the Southern African region, and, in fact, in SSA, the main function of the Customs is to collect revenue on imports while in the more industrial countries it is to regulate foreign trade and to enforce non economic restrictions and prohibitions. Unfortunately, in

SSA, the revenue collection role is carried out often at the expense of trade because the revenue base is very narrow. Governments set revenue targets that have to be achieved during the financial year, and the Customs and other revenue services have to achieve these targets at any cost. Little attention is given to developing systems that will balance revenue collection and trade facilitation, and often these two are considered as contradictory instead of complementary.

In fact, trade facilitation also facilitates revenue collection: it does away with bureaucracy and delays in clearance so that government revenue is collected earlier in the process. It also does away with some of the reasons that breed corruption and thus ensure that the right amounts are collected and actually get into government coffers.

For most Customs administrations in SSA, there is therefore a need for a change in attitude or paradigm. They need to get out of the revenue cubicle to see the big picture, which is economic growth. They then need to realize that they have a broader mandate in the economy than revenue collection. They need to recognize foreign trade as the foundation for the long term economic interests of the nation. Customs administrations need to see and work with the private sector as a partner in building the economy. Finally they should appreciate that their major position is that of a service provider.

This paradigm shift is essential in building the competitiveness that should go hand in hand with the implementation of AGOA and other preferential schemes.

A modern Customs administration should therefore have the following responsibilities which should be discharged in a balanced manner:

- To collect government revenue;
- To recommend and implement measures for removing tariff barriers;
- To participate in international cooperation and regional integration activities;
- To simplify procedures and streamline documentation on the basis of international instruments and best practices;
- To constantly innovate processes in keeping with technological developments and the way trade operates;
- To meet the legitimate demands of trade;
- To be service oriented;
- To organize and staff appropriately and adequately;
- To train and to motivate constantly;
- To embrace the best in management and corporate culture.

Removing Tariff Barriers

Producing for export under AGOA will require raw materials or inputs wholly produced in the country or imported from other AGOA eligible countries or from third countries. The cost of wholly obtained materials may include internal taxes like VAT or Sales tax, while the value of imported inputs may include import duty as well as internal taxes. Since the raw materials/inputs will be exported, they should be relieved of the tax and duty element in their costs. This can be achieved through the use of various Customs procedures, including Duty Drawback, Manufacturing in bond, manufacturing in Export processing zones, and Temporary importation systems.

The Customs has the responsibility of introducing these procedures where they do not exist, and ensuring that they work efficiently. Very often the Customs law provides for an array of facilities, but the investor comes to discover when it is too late that it takes too long or it is too costly to obtain the facilities. In some countries, the Customs does not have the capacity to provide the facilities efficiently.

Where there are regional tariff preferences, it might be cheaper for the producer to source raw materials/inputs from the region, e.g. from SADC. Since the materials would be duty free the importer would be saved the costs and delays associated with duty drawback or the duty free admission procedures mentioned above.

Removal of Non-Tariff Barriers

Cumbersome Customs procedures and documentation constitute formidable barriers to trade. If the Customs clearance of imports is complex and complicated, it will result in delays that increase the cost of producing for export or even make it impossible to produce for export. The same is true for cumbersome export procedures, but they can also result in the inability of exporters to meet delivery times and to perishables getting spoiled at the border.

It is also important to facilitate the clearance of passengers, especially business people and tourists. Some of them are coming to assess the environment to determine its attractiveness to investment, and the impression they get when they arrive or leave the country may tip the balance in favor of or against investment in the country.

Simplification of Customs procedures can be achieved through aligning Customs law and procedures on the instruments of international organizations, notably those of the World Customs Organization. The instruments include:

- The Kyoto Convention on the simplification and Harmonization of Customs procedures;
- The Harmonized Commodity Description and Coding System (HS)
- The Istanbul Convention on temporary importation (ATA Carnet)
- The WTO Agreement on Customs Valuation and other Customs related Agreements.

Other Customs Reforms

It is also important that Customs laws include provisions giving rights to trade, e.g. right of appeal, government payment of interest on credits; etc.

As mentioned above, the law and the practice may differ. It is therefore important that the law is elaborated in detailed procedures. The law and procedures should be made easily available to the public; nowadays it is a common practice to have them on the national or Customs website.

Other Customs reforms should include:

- Computerized Customs processing with capacity for using Direct Trader input and Electronic Data Interchange;
- Introduction of risk management and post-clearance auditing for fast clearance of goods;
- Development of a Customs client service charter, and MOUs with big importers and exporters.

Customs Harmonization

Implementing the instruments of the WCO and other Trade Facilitation organizations will result in bringing national legislation and procedures in harmony with those of other countries. This fact will give investors confidence that they are investing in a country that has the same administrative controls like their own.

Harmonization at regional level is not only equally important but also essential if the country is to be able to contribute to the efforts to reduce the costs of production, transport and logistics in the region. Regional harmonization in the SADC region requires implementation of the four Customs Annexes of the SADC Trade protocol:

- Rules of Origin
- Customs transit regime
- Trade Facilitation
- Customs Cooperation

Capacity to Implement

The Customs administration will play a key role in implementing AGOA. It may, therefore, be necessary to establish an AGOA section in the Customs administration. It will certainly be necessary to build expertise in AGOA, especially since the Customs will be responsible for AGOA certification, and be required to provide training and guidance to exporters. Capacity building will not be complete without internet facilities for the officials who will be responsible for the implementation of AGOA. The Internet will enable them not only to be up to date with US requirements, but also to easily be in contact with the US Customs offices responsible for AGOA in the region and in the US.

Concluding Remarks

With a change in attitude and introduction of reforms, the Customs can contribute to making national exports more competitive through the reduction of the costs of manufacturing and logistics costs, and through the reduction of delivery times. To implement AGOA, the Customs as well as producers/exporters should be very knowledgeable about the AGOA requirements. The challenge facing a country embarking on the implementation of AGOA is how fast it can reform to meet the challenges that implementation causes.

VII. Transport for Successful AGOA Trade
SMAK Kaombwe
Southern Africa Global Competitiveness Hub Transport Policy Advisor

1. Transport and Trade Competitiveness

The critical role of transportation in any trade operations, including AGOA trade, is indisputable. Transportation provides critical operations that determine the competitiveness and, therefore, feasibility and viability of trade transactions. Thus, the key inputs of transportation to trade are:

- Providing access: The producers, including manufacturers, farmers and agro-processors, are able to access inputs they need for production of tradable products. The buyers and/or traders are able to access and acquire the products and, therefore, the producers are able to access and sell to markets.
- Contributing to the transactional costs, which are a major component of the price of the commodities or products being traded. In some cases, especially for African land-locked countries, the cost of transport is known to be as high as 40 percent of the value of exports or the price the export commodities fetch in the international markets.
- Transit times along the transport or trade corridors: In most corridors in Africa, the time the trade commodities take from the time they are dispatched at origin to destination or markets is much too long. This is often due to reasons that could be avoided, including cumbersome procedures and processes along the corridors, especially at the borders. The long transit times result in the underutilization of transport facilities and, therefore, adds transactional cost;
- Predictability and reliability of transport services: In many corridors the delivery time of trade goods at destination is not guaranteed or at worst even not predictable. This is very bad to the buyers or importers who have normally strict delivery schedules to feed into the intended markets, especially in this era of “just in time” deliveries. The unpredictability and unreliability of transport erodes the confidence of the buyers who may resort to getting products from other sources.
- Security and safety of trade: In addition to curbing cases of pilferage or theft of cargo, which have also been a major problem in some corridors, there are now major initiatives and mandatory requirements to ensure that the corridors are not used by terrorists to convey their illegal goods and means of terrorist attacks. The shippers and buyers would like to have their trade commodities arrive intact.

2. Major Components of Trade Routes

The major components of trade routes or transport corridors include the following:

- Points of entry of exit of trade commodities or gateways: These are normally seaports (e.g. Luanda, Lobito, Namibe) as well as inland ports, international airports (e.g.

Luanda) and border terminals especially for trade with neighboring countries (e.g. Namibia, Zambia and D.R. Congo).

- Links between exit and entry points: For international trade, these links are provided by maritime or shipping services and regional feeder services, for waterborne trade, air passenger and cargo services for airfreight.
- Access to the country inland areas and neighboring countries, which is provided by rails systems (e.g. Lobito/Benguela, Luanda and Namibe) road transport systems, coastal and inland waterways and a network of domestic and regional airports and air services.
- Other regulatory or facilitation services including Customs procedures and processes, forwarding and shipping agency services, immigration, health inspection (for human, animal and plants) particularly at exit/entry points, security and safety services and law enforcement along corridors.

3. Major Constraints

The typical major constraints experienced in the SADC region comprise:

- Inadequate and poor condition of infrastructure: The access to inland areas especially potential rich production areas, for example agriculture, is normally very poor. This is particularly so for Angola due to lack of infrastructure development and maintenance during the long period of war;
- Poor management and operation of the transportation systems and, hence, inefficient services provided at all components of the transport chain along a corridor. Most of the services were in the past provided by state-owned institutions, which were not oriented to commercial or business principles;
- Cumbersome or poor facilitation services, in particular procedures and processes (e.g. licensing, permits, at borders, at modal interchange points, weighbridges, road blocks and corruption);
- Inadequate financing for expansion of infrastructure and related facilities, rehabilitation and maintenance, operations and efficient service provision using modern methods; and
- Inadequate security and safety of cargo: Including complying with new anti-terrorism initiatives, and the prevention or reduction of accidents.

4. Approaches to Removing Constraints

The approaches that are being used in the SADC region to remove the above constraints comprise:

- Establishing an enabling environment for attracting private and public sector investment in infrastructure and service provision. A restructuring process is underway which involves privatization of state owned enterprises through sale, lease and concession. This is accompanied by the enabling reform of relevant legislation and regulations.

- Using a transport or development corridor approach to identify problems or constraints, opportunities and actions that need to be taken to remove the constraints and translate opportunities into practical operations. The corridor approach is underpinned by the following:
  - Establishing formal agreement between corridor countries on how to manage the corridor development and operations. Examples are the USAID/RCSA supported initiatives for Trans Kalahari Corridor (TKC), for which the Ministers of Botswana, Namibia and South Africa have signed an MOU, and Dar es Salaam Corridor (DC), where the public-private sector stakeholders from Malawi, Tanzania and Zambia have signed a Constitution establishing a Corridor Committee.
  - Establishing public-private partnership institutions (corridor committees, working and/or task groups) to jointly and cooperatively identify constraints, determine and implement solutions. Examples are the Corridor Committees and Working Groups, Task Teams and Secretariats established for the TKC and DC.
  - Participation in the corridor public-private sector committees or institutions comprises all key stakeholders. They include (a) infrastructure and related transport service providers (port/maritime, inland waterways, rail, road, air and multi-modal transport operators), (b) facilitation services providers (Customs, immigration, freight forwarders, clearing and shipping agents, financing and insurance institutions), (c) users represented by relevant industry or trade associations (e.g. producers, traders or merchants – importers/exporters and tourism operators), and (d) law enforcing agents (licensing authorities, transport regulatory agencies, police and defense and security authorities).
  - Developing comprehensive corridor action/business plans, programs and projects involving physical infrastructure and facilities, capacity building, private sector led operational improvement, establishing suitable and attractive conditions for investment, harmonizing technical standards along the entire corridor, establishing efficient "transit regimes" of regulations, procedures and processes, and establishing corridor performance monitoring systems.
  - Mobilizing financial, human and technical resources to implement the action plans, programs and projects. This is achieved through organizing investment forums and roundtables involving existing and potential international, regional and local public-private sector investors and financial institutions.
  - Facilitating various partners and stakeholders to implement programs and projects.

5. Angola Situation and Way Forward

The Angola situation reflects in summary most of the typical constraints outlined above. However, the extent of problems is worse than in most SADC countries due to the fact that Angola is just recovering from a long war period which had stopped serious development of infrastructure and transport services provision. Because of this reason, there is vast depleted and undeveloped trade/transport links especially within the country and with neighbors.

Despite the major challenge posed by poor infrastructure and related transport services, there is already substantial high rate of trade/traffic growth through the Angola and Namibia border as well as with Zambia and D.R. Congo. However, there is also too high a proportion of national, regional and international trade being airlifted at unnecessarily very high cost. This cost to trade needs to be reduced by making it possible for most of trade to shift to relatively cheaper conventional surface transport means.

As a way forward, the following actions are recommended:

- In designing and implementing its overall recovery program, Angola should establish a strong link between trade and transport development strategies, targeting in particular specific areas with potential to generate significant trade/traffic to take advantage of the various preferential trade agreements or protocols such as AGOA, SADC and others. The strategies should aim at increasing or reviving production capacity and access to markets by the majority of Angolans who are engaged in agricultural activities in rural areas.
- Improving overall capacity, efficiency and safety of the major trade/transport corridor infrastructure and transport corridor chains. A major investment drive to attract large amounts of public-private sector financing is needed. This involves all the components of the transport chain, including the gateways and internal, regional and international links.
- Immediate improvement of links with Namibia through the conclusion of an MOU that is already under discussion, or through joining the TKC arrangement. Similarly, the links with Zambia and D.R. Congo should be consolidated or strengthened with MOUs or other type of formal agreements and establishment of corridor institutions.
- Refining and implementing programs along the main trade/transport or development corridors of Lobito/Benguela to D.R. Congo and Zambia, Luanda – Milange to D.R. Congo, and Namibe to link with TKC and Trans Caprivi Corridor providing combined links with Namibia, Botswana, South Africa and Zambia.

AGOA and Angola

Presented by:
The Southern African Global Competitiveness Hub
Gaborone, Botswana

and
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Lusaka, Zambia

1: AGOA for Angola

Ron Stryker
Trade Hub Manager
The Southern African Global
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Gaborone, Botswana

Three Trade Hubs in Africa support the US government TRADE initiative by:

- Enhancing the competitiveness of African products and services
- Expanding the role that trade can play in African poverty reduction strategies
- Promoting US-African business linkages
- Improving the delivery of business services by the public and private sector that support trade
- Strengthening capacity for trade policy reforms to promote an enabling environment for trade and investment

Background of the Southern Africa Global Competitiveness Hub

- In June 2002 , USAID established the “Trade Hub”, to respond to the US President’s TRADE initiative for countries covered by SADC.
- The Trade Hub works with many partners, e.g. SADC and COMESA, governments and the private sector in the region to address AGOA awareness, related policy reform and economic growth.
- The Trade Hub works with other U.S. government agencies, including USTR, DOC, USDA, Embassies, USAID Missions, and other donors.

Trade Policy Initiatives Underway

- US-SACU: Facilitating SACU's integrated trade capacity building strategy in Botswana, Lesotho, Namibia and Swaziland (BLNS)
- US-SACU: Trade and Tariff Policy Workshops in Lesotho, Namibia, a BLNS trade in services symposium and the economic implications of Mozambique possibly joining SACU
- Review of export incentives in SADC member countries, case studies of technical barriers to regional trade, and a review of industrial policy that supports the SADC Motor Industry

Telecom Initiatives

- Building national and regional regulatory authorities that promote market-based development of information and communication technology
- Policy and capacity building to promote modern legislation and regulatory bodies
- Collaboration and leveraging support from World Bank, Development Bank of Southern Africa, and other donors

Energy Initiatives

- Support for the Southern African Power Pool; an association of 12 member SADC countries with national-level, vertical integration of power utilities
- Support for energy sector liberalization and development of a trading market of energy services between utilities in the power pool
- Promoting increased reliability of electricity demands through regional cooperation, trust amongst member countries and reduced cost structures

Competitiveness Initiatives for Trade and Export Development

- Competitive supply chains: textile/garment/handicraft and horticultural trade
- AGOA business linkages, ventures and investment promotion between African and US firms
- Sanitary and phytosanitary requirements for the export of horticultural products into the U.S. market (USDA/APHIS)

Competitiveness Initiatives for Export Development cont…

- Marketing tools and trade information networks on behalf of the private sector
- Harmonizing customs procedures: emphasis on SACU countries and the Trans-Kalahari and Dar es Salaam Corridors
- Reducing transport costs between countries: emphasis on the Trans Kalahari corridor and the Dar es Salaam corridor

AGOA Facts and Success Stories

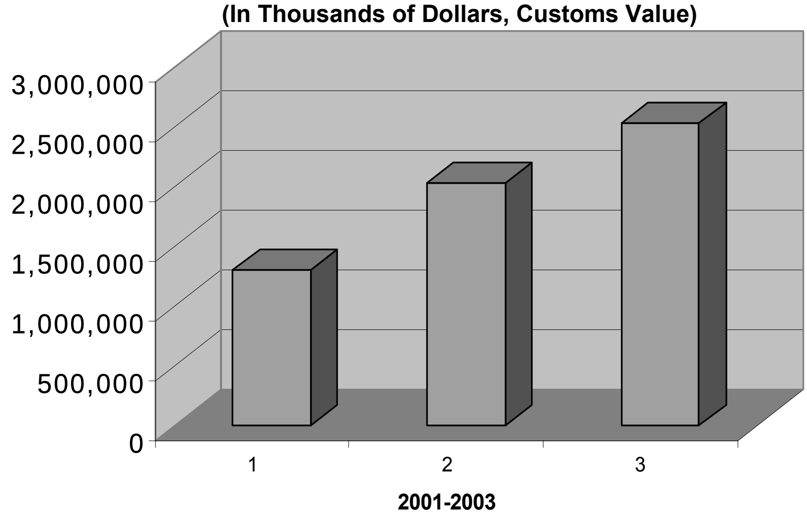
- Since its inception, AGOA has created over $1 billion investment in Sub-Saharan Africa and created over 180,000 jobs
- In 2002, total U.S. AGOA exports to the US were valued at US $9 billion, a 10% increase from 2001. In 2003, AGOA exports have reached US $10.2 billion
- When US imports from other regions in the world dropped due to the economic downturn after the 9-11 attacks, imports of textiles and apparel from Sub-Saharan Africa grew by more than 25%
- Exports under AGOA from the SADC region in 2003 are estimated at over 2.5 billion

AGOA Facts and Success Stories cont….

- A number of smaller African Countries, including Lesotho, Malawi and Swaziland, doubled their AGOA exports between 2001 and 2003
- Three countries out of the "Top Five" African apparel exporters to the U.S. come from the Southern African region (Lesotho, Mauritius, and South Africa)—these three countries accounted for over US $600 million in apparel exports to the U.S. in 2003
- In Namibia, new and planned investment in the textile and apparel sector alone as topped $250 million, creating an estimated 8.000 jobs with projected job increases to 18,000 in ten years
- US imports of textiles from Madagascar grew from $22 million in 1998 to $155 million in the first ten months of 2001, a 700% increase in 4 years

Growth in AGOA Exports from AGOA Eligible Countries in Southern Africa

(In Thousands of Dollars, Customs Value)



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2: AGOA AWARENESS OVERVIEW

Presented
by
Moses Simemba
COMESA ALINC Manager, Africa

10 - 11 March, 2004 - Luanda, Angola

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AGOA: TRADE to POVERTY REDUCTION

Africa in spite of having 13% of global population, generates less than 2% of global trade and this explains why the continent, in spite of its massive resources, is still grappling with poverty and its related effects.

INTRODUCTION

The Africa Growth and Opportunity Act (AGOA) is part of the United States Trade and Development Act, passed into law by the US Congress in May 2000. This Act authorized a new trade and investment policy towards Africa (The full text of the Act is available at the web site: www.agoa.gov and at the USTR website: www.ustr.gov).

The Act promotes increased trade and economic co-operation between the US and eligible sub-Saharan African countries. It provides unprecedented opportunities for sub-Saharan countries to compete in the global market place.

INTRODUCTION CONT......

AGOA aims to:

- Promote increased trade and investment between the US and Sub-Saharan African countries by providing eligible African countries with liberal access to the US market. Many products of these eligible countries now have duty free access to the US market.

- Promote economic development and reform in sub-Saharan Africa across a wide range of industries, granting tangible benefits to entrepreneurs, farmers and families; and

- Promote increased US and African investment and business opportunities in sub-Saharan Africa.

AGOA ELIGIBILITY

In considering the eligibility of Sub-Saharan countries for AGOA beneficiary status, primary consideration is based on:

- The existing criteria under the Generalized System of Preferences (GSP) program;
- New AGOA criteria; and
- New GSP criteria.

The new criteria include whether countries have established or are making continual progress towards:

- Establishing a market-based economy
- Rule of law
- The elimination of barriers to US trade and investment
- Economic policies to reduce poverty

AGOA ELIGIBILITY CONT….

- The protection of internationally recognized worker rights; and
- A system to combat corruption.

Additionally, countries:

- Cannot engage in activities that undermine US national security or foreign policy interests;
- Cannot engage in gross violations of internationally recognized human rights;
- Cannot provide support for acts of international terrorism; and
- Must have implemented their commitments to eliminate the worst form of child labor.

ELIGIBLE COUNTRIES

Out of 48 Sub-Saharan African countries, 37 are now AGOA eligible and these are: Angola, Benin, Botswana, Cameron, Cape Verde, Chad, Republic of Congo, Cote d'Ivoire, DRC, Djibouti, Ethiopia, Gabon, The Gambia, Ghana, Guinea, Guinea Bissau, Kenya, Lesotho, Madagascar, Malawi, Mali, Mauritania, Mauritius, Mozambique, Namibia, Niger, Nigeria, Rwanda, Sao Tome and Principe, Senegal, Seychelles, Sierra Leone, South Africa, Swaziland, Tanzania, Uganda, and Zambia. Eritrea and the Central African Republic were dropped from the list at the end of 2003 while Sudan and the Comoros have never applied for eligibility. The other remaining 7 Sub Saharan countries have not met the criteria for AGOA eligibility.

ELIGIBLE COUNTRIES CONT….

The US Government evaluates countries for AGOA eligibility each December. Countries must have established or be making progress towards establishing: good governance; market-based economy; elimination of barriers to trade and investment; the rule of law; mechanisms to combat corruption; protection of internationally recognized worker rights; and economic policies to reduce poverty.

- Good governance (political pluralism & Rule of law)
- Free market access (eliminate barriers to trade & Investment)
- Transparency (open rules trading system)
- Anti-corruption (eliminate bribery and corruption)
- Labor rights (prohibit forced, compulsory or child labor)

ELIGIBLE COUNTRIES CONT….

- Poverty reduction (improve health & education and basic infrastructure and encourage private enterprise growth)

PRODUCT ELIGIBILITY

AGOA is the most comprehensive US unilateral preference program, granting duty-free entry for the largest number of products, providing eligible countries flexible apparel provisions and incorporating non-trade provisions for capacity building.

PRODUCT ELIGIBILITY CONT….

AGOA provides duty-free treatment for over 6,300 products.The legislation expands the regular GSP in two ways: 1-By adding 1,850 non-textile products exempted from the GSP due to import sensitivity; and by allowing duty-free treatment for roughly 550 garment items, including clothing produced from third country yarn and fabrics.

All but a handful products enter the US duty-free. In 2002, as an example, 94% of US imports from AGOA eligible countries entered duty-free.

PRODUCT ELIGIBILITY CONT….

The few products not eligible for duty-free status under AGOA are: home furnishings, other textile mill products,certain steel products, and some agricultural products like canned apricots, canned peaches,and dehydrated garlic.

In addition, duty-free imports of agricultural commodities that are produced both in the US and Africa such as cotton, peanuts (groundnuts), sugar and tobacco are capped at low levels. However, even these products are eligible regardless of quality when entered in more processed forms, i.e. cereals from grain, clothing from cotton,yarns and fabrics and small assemblies from steel. The full list is of products that may enter the US market duty-free under AGOA may be found at: http://www.ustr.gov/regions/africa/agoa.html.

AGOA BENEFITS

On 21st December 2000, the US President extended duty free treatment under the GSP to AGOA eligible countries for more than 1,835 tariff line items in addition to the standard GSP list of approximately 4,600 items available to non AGOA GSP beneficiary countries.

In specific terms, the following are some of the benefits accruing from AGOA:

- Duty free benefits up to 2008 and once AGOA is extended up to 2015 or beyond
- End of Competitive Need Limits for Sub-Saharan Africa
- Special Rule for "Lesser Developed beneficiary Countries"
- Technical Assistance for trade capacity building
- Helped establish the US-Sub-Saharan Africa Trade and Economic Cooperation Forum

AGOA 1, 2, and 3

The difference in AGOA 1 and 2 is essentially that under AGOA 1, Knit-to-Shape apparel i.e. components that take their shape in the knitting process, rather than being cut from a bolt of cloth did not qualify for AGOA benefits, but under AGOA 2 they qualify for AGOA benefits. Under AGOA 1, countries with GNP per capita of more than $1,500 were not allowed to use third-country yarn and fabric to produce textiles and garments for export to the US. Under AGOA 2, this rule was relaxed to allow countries like Namibia and Botswana to use third-country yarn and fabrics in spite of their GNP per capita being over $1,500.

AGOA 3 legislation is now before the US Congress and is expected to be passed by mid 2004.

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Internet Site: ***http://www.comesa.int***
www.satradehub.org

3: AGOA UTILIZATION

Presented
by

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10 - 11 March, 2004 - Luanda, Angola

RULES FOR UTILIZING AGOA

The US Customs Service recommends that certain steps be taken to ensure faster customs clearance. These rules pertain to all goods imported into the US and not just products receiving preferences under AGOA.

Requirements for smooth export transactions:

- Include all information required on your Customs invoice
- Prepare your invoices carefully. Type them clearly. Allow sufficient space between lines. Keep the data within each column.

RULES CONT…..

- Make sure that your invoices contain the information that would be shown on a well-prepared packing list
- Mark and number each package so that it can be identified with the corresponding marks and numbers appearing on your invoice
- Show on your invoice a detailed description of each item of merchandise contained in each individual package
- Mark your goods legibly and conspicuously with the name of the country of origin unless they are specially exempted from the country-of-origin marking requirements and with such other markings as required by the marking laws of the US

RULES CONT….

- Comply with the provisions of any special laws of the US, which may apply to your goods, such as the laws relating to food, drugs, cosmetics, alcoholic beverage, radioactive materials and others
- Observe closely, the instructions with respect to invoicing, packaging, marking, labeling, etc sent to you by your customer in the US. Your customer has probably made a careful review of the requirements which will have to be met when your merchandise arrives
- Work with US Customs in developing packaging standards for your commodities

RULES CONT….

- Establish sound security procedures at your facilities and while transporting your goods for shipment. Be aware of narcotics smugglers or terrorists that could introduce harmful items into your shipment
- Consider shipping on a carrier participating in the Automated Manifest System
- If you use a licensed customs broker to handle the transaction, consider using a firm that participates in the Automated Broker Interface (broker allowed to interface with Automated Manifest System - as a security feature, the broker can only download the information relevant to his/her own use)

GSP Rules of origin for non Textile products

A product must meet the GSP program rules of origin to qualify for duty-free access to the US under AGOA or the GSP program. The GSP rules of origin require that a product be the "growth, product or manufacture" of a beneficiary sub-Saharan African country and that the article must be imported directly from beneficiary country into the US. Furthermore:

- The sum of the cost or value of materials produced in the beneficiary country plus the direct processing costs must equal at least 35% of the appraised value of the product at the time of entry into the US
- Imported materials may be counted towards the 35%, but only if the materials are "substantially transformed" into new and different constituent materials of which the eligible article is composed

GSP Rules of origin for non Textile products cont…..

In most cases, US Customs will appraise the merchandise at the transaction value, that is, the price actually paid or payable for the merchandise when sold for export to US. This value would include the following elements:

- The packaging costs incurred by the buyer
- The selling commission incurred by the buyer
- The value of any assistance provided to the producer free of charge by the buyer
- The royalty or license fee that the buyer is required to pay as a condition of the sale
- The proceeds accruing to the seller of any subsequent resale, disposal, or use of the imported merchandise

GSP Rules of origin for non Textile products cont…..

In general, shipping and other costs related to transporting the GSP articles from the port of export to the US are included neither in the value of the article nor in the value-added calculation. The costs of processing include all costs, whether directly incurred in or those that can be reasonably allocated to the growth, production, or assembly of the merchandise in question. These include the following:

- Actual labor (fringe benefits, and on the job training costs)
- Engineering, supervisory, quality control et al
- Machinery depreciation, moulds and tooling costs
- R & D, design, inspection and testing costs

GSP Rules of origin for non Textile products cont…..

The costs that may not be included in the direct costs of processing are:

- Profit
- General expenses/overheads such as salaries, casualty and liability insurance, advertising, and sales representative's salaries, commissions or expenses

Further details on this can be found on web site: www.customs.gov (National Commodity Specialist Division, US Customs Service).

Special Rules for Apparel and Textiles Preferences

There are several regulations pertaining to textile and apparel. The full list is available at: www.otexa.ita.doc.gov

AGOA and Angola

Angola only became AGOA eligible in December 2003 and therefore AGOA exports may not be substantial. However, Angola was the leading GSP beneficiary in the world for years 2001 and 2002 with $2.7 billion in benefits, although Angola's utilization increased only 3.5% from 2001. Angola benefits from a provision, which makes petroleum products, exported from Least Developed beneficiary countries GSP eligible. Angola is also one of the four (Nigeria, South Africa, Angola, and Gabon) principal Sub-Saharan African suppliers to the US. Some of the major exports from Angola to the US are:

- Chemicals and related products
- Energy related products
- Minerals and metals
- Machinery
- Transport equipment, and
- Electronic products

The major imports of Angola from the US are:

- Agricultural products
- Forest products
- Textiles and garments, and
- Foot wear

Apart from energy products, Angola is capable of exporting the following products:

- Synthetic fiber
- Agricultural products (coffee, fruit juices, nuts, essential oils et al)
- Fish (tuna), and
- Fertilizers

The USDA exempts coffee beans from the usual food certification process.

What US firms look for

An Africa supplier should be:

- Dependable (have e-mail, phone, fax and communicate effectively)
- Quality of product
- Logistics of importing
- Methods of payment (Confirmed letter of credit)

How to access the US market

Once you have identified products to export to the US, the next step is finding buyers and business partners. You can access the US market through any of the following:

- Individual initiative (quite costly)
- Using the internet (can be complicated if your computer skills are thin)

How to access the US market

- Participate in sector specific trade shows
- Use your Embassy in Washington, DC
- Work with your Export Promotion Council
- Work with US Foreign Commercial Office
- Work with the US Embassy in Luanda

Work with US AGOA sector organizations

Work with US government Agencies and Resources

Work with market research organizations, ocean shipping companies and air cargo companies, and international financial organizations

REGIONAL SUPPORT PROGRAMS

As noted in Dr. Stryker's introduction, three Trade Hubs are now in place to assist with AGOA. The Trade Hubs in Botswana and/or Kenya serve this region, including Angola.

In addition to the Trade Hubs, the Common Market for East and Southern Africa (COMESA) in conjunction with the International Executive Service Corps (IESC) and with funding from USAID launched the "AGOA Linkages in COMESA" (ALINC) in July 2002. ALINC has offices at the COMESA Secretariat in Lusaka and in Washington DC.

ALINC provides services to increase AGOA awareness among stakeholders in COMESA countries and is designed to accelerate export trade between COMESA sellers and US buyers.

REGIONAL SUPPORT PROGRAMS CONT….

Specifically, ALINC provides:

- Fast track approach
- Firm identification and qualification
- Volunteer Experts
- Information dissemination
- Technical assistance
- Business Linkages

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Internet Site: ***http://www.comesa.int***
www.satradehub.org

4: AGOA EXPORTING

Presented by

Moses Simemba
COMESA ALINC Manager, Africa

10 - 11 March, 2004 - Luanda, Angola

HOW TO EXPORT UNDER AGOA

The essence of AGOA is to promote trade between Sub-Saharan Africa and the US and to help stimulate investment necessary for sustained economic growth in Sub-Saharan Africa.

EXPORT STRATEGY and PROCEDURES

It is important that Angolan business people learn not only the commercial aspects of exporting to the US, but also to work closely with Government to develop a national strategy with transparent procedures that will facilitate exporters and attract investors.

EXPORT STRATEGY and PROCEDURES CONT…..

The public and private sector and all relevant organizations should work together to develop a national strategy for exporting.

The following are some of the procedures you need to keep in mind when exporting to the US:

- Obtain the Customs export document from your local Revenue Authority and indicate on it the range and value of products meant for export

EXPORT PROCEDURES CONT….

• Prepare an original commercial invoice and packaging list for shipment;

• An Airway bill or bill of lading for transportation of exports should be obtained either from the freight forwarder or the transporter being used.

• All potential Angolan exporters should also bear in mind that the US importer has certain import obligations. For the US importer to fulfill these obligations easily, the exporter must provide accurate product information to the US importer and keep up to date records to facilitate period reviews of the accuracy of the declarations or other records as these may be required from time to time.

EXPORT PROCEDURES CONT……

The verification procedures provided for under 19 CFR 10.173. (www.customs.gov) will also apply to claims made under the enhanced GSP portions of the AGOA. Failure to provide sufficient documentation to support the claim to Customs upon request will result in the claim's denial. Although the claim denial will directly affect the US importer this also has the consequential effect of affecting the African exporter.

EXPORT CERTIFICATION:

1. Angola is not yet textiles and apparel eligible therefore if a strategy for producing and exporting textiles and apparel is relevant, then getting visa certificate of origin in place will be required.
2. For fresh agricultural produce, the USDA/APHIS requires that Pest Risk Assessments (PRA) be completed for each commodity and a permit be issued by APHIS. APHIS will work with relevant authorities and producers/exporters to conduct PRAs. The PRA approval process can take several years. For more information: www.aphis.usda.gov

EXPORT CERTIFICATION CONT…..

3. For wood products, there is need to ensure that your forests are certified as per requirements of forest stewardship Certification Council.
4. For gemstones, your Ministry of Mines should be able to assist with export procedures.
5. For the other exports, compliance with both US and your Customs and Customer requirements is important.

EXPORT CERTIFICATION CONT…..

More information including that related to Rules of origin can be found on web site: www.customs.gov.

Other important Compliance matters

A license or permit from the responsible US agency may be necessary for one to import into the US the following products:

- Alcoholic beverages
- Animal and animal products

EXPORT CERTIFICATION CONT…..

- Certain drugs
- Firearms and ammunition
- Fruits, nuts
- Meat and meat products
- Poultry and poultry products
- Milk dairy and cheese products
- Vegetables et al

There also restrictions on importation of certain trademarks and copyright articles. Certain items in these categories may also be prohibited

EXPORT CERTIFICATION CONT…..

The following items must comply with applicable regulations of other agencies:

- Art materials
- Cultural property
- Hazardous/toxic/flammable materials
- Household appliances
- Some electronics products
- Toys and other children’s articles

DISTRIBUTION AND MARKETING

- Marketing directly
- Marketing via third party arrangement
- Small and Medium Scale (SME's) companies

PRODUCTION AND EXPORT COSTS

Any AGOA exporter should examine the production costs to determine whether the AGOA eligible product that they intend exporting can compete pricewise.

PRODUCTION AND EXPORT COSTS CONT….

In reality, price is determined by the market or the importer, and the question is whether the final cost at merchandise delivery is less than or equal to the market price or in accordance with the importer's target price.

The producer should therefore always research competitor prices for similar goods, including production, transportation and of particular importance the tariff costs.

If you are not a very efficient producer it is better to produce those products which attract a high tariff for the non AGOA exporter so that the tariff spread can accommodate or cover some of your inefficiencies. At the end of the day, your price must be equal to or lower than that of your non-AGOA or AGOA competitor.

EXPORT CHALLENGES:

1. Price, volumes, quality, delivery time
2. Need for adherence to the new Bioterrorism Act. Final regulations on this were issued on December 12, 2003 (compliance extended to March 2004). Under this legislation, food exporters must give prior notice of food shipments to the Food and Drug Administration (FDA). The notice must include a description of the article, the manufacturer and shipper, the grower, country of origin, the country of shipment exit, and the anticipated port of entry in the US. This is among other things aimed at safeguarding the health of American people, and animals. Full details of this Act can be found on the website: **http:/www.fda.gov/oc/bioterrorism**

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www.satradehub.org

5: Trade Policy Initiatives Opportunities for Angola

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Objectives

- To place AGOA in broader context of Angola's current trade policy initiatives and opportunities.
- To place trade policy initiatives in context of Angola's development objectives.

Main Points

1. Evidence has demonstrated AGOA's impact in Sub-Saharan Africa ultimately depends on the supply responses of beneficiary countries.
    - Such supply responses depend critically on an appropriate trade and economic policy framework essential to creating the capacity for production.
2. As part of the overall policy framework, trade and investment policy has a central role to play in the achievement of Angola's development agenda.
3. Overwhelming evidence that outward oriented trade policies and integration into the global economy is the sustainable path to achieving development objectives.

Main Points

4. Angola currently has a number of advantages in seeking to take advantage of the benefits of global integration – possibly to a much greater extent than other countries in the region.

5. The completion of Angola’s accession to the SADC trade protocol provides a unique opportunity for substantial liberalization with major trading partners – particularly in SACU.

Main Points

6. Many advantages and opportunities available through Angola’s continued implementation of WTO agreements

7. All available evidence demonstrates that AGOA and other opportunities for Angola to participate in preferential North-South agreements far more effective means of achieving desired diversification of production then policies of import substitution.

Overview

I. Trade Policy Strategies
II. Angola: Current Initiatives
III. Southern Africa Development Community (SADC)
IV. World Trade Organization (WTO)
V. Bilateral Initiatives
VI. Conclusions

I. Trade Policy Strategies

A. Role of Trade Policy
B. Integration into the Global Economy: Basic Choices
C. Integration into the Global Economy: Many Paths

A. Role of Trade Policy

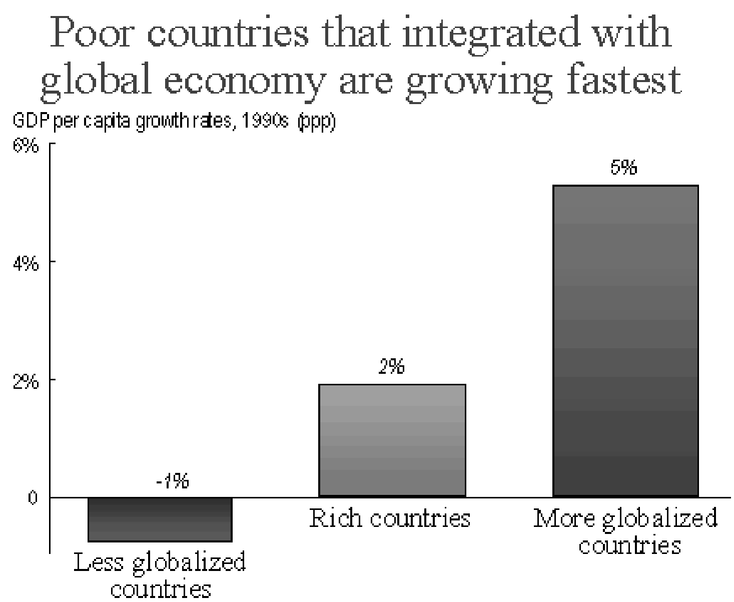
- Trade policy as an integral component of development strategy.

- Many Benchmarks for Policy Effectiveness
  - Competitiveness
  - Increased Exports AND Imports
  - Economic Diversification
  - Increased Investment

- Basic: How can trade policy help to attain:
  - Overall Growth
  - Reductions in Poverty and Inequality

B. Integration into the Global Economy: Basic Choices

- Trade and Growth: Evidence
  - Poor countries that integrated with the global economy grow faster.



Source: World Bank

B. Integration into the Global Economy: Basic Choices

- Trade and Growth: Evidence
- Trade and Poverty Reduction: Evidence
  - "Incomes of the poor rise one-for-one with overall growth." "Openness to international trade benefits the poor to the extent that it benefits the whole economy" (Dollar and Kraay, 2000)

B. Integration into the Global Economy: Basic Choices

- Evidence: Import Substitution
- Many decades of experience with inward looking policies in a variety of regions, economic circumstances, market sizes
- Stagnant Growth, high levels of distortions
- At best short term stimulus to import competing sectors followed by long term contraction brought on by lowered incentives to invest.

B. Integration into the Global Economy: Basic Choices

- Evidence: Outward Orientation
- Again, many decades of experience…
  - East Asian “Miracle Economies”
  - China, India
  - Mauritius
- Import-Led Growth in Exports
  - Exports require imports of raw materials, capital equipment, technology,…
- Benefits to Consumers

C. Integration into the Global Economy: Many Paths

- Unilateral, Bilateral, Regional, Multilateral
  - All options available to Angola and can be mutually supporting on the path to global integration.
- Complementary Reforms
  - "Behind the Border Issues"
  - Transparent Policy Framework

Unilateral Initiatives

- Advantages
  - Completely within control of domestic policy makers.
  - Theory and Evidence: For small, open economies such as Angola most of the benefits of global integration can be achieved at a single stroke.
- Disadvantages
  - Politically difficult and often slow.
  - Issues regarding credibility and permanence of reforms can undermine effects.
  - Tendency to reflect only the interests of import competing sectors not export sectors.

Regional Initiatives

- Advantages
  - Ability to negotiate issues too difficult at multilateral level and can provide momentum to the multilateral process.
  - Exporter interests reflected.
  - Stepping Stones to more general liberalization.
- Disadvantages
  - Trade Diversion
  - "Spaghetti Bowl": Administratively costly, enormous possibilities for trade diversion.

Multilateral Initiatives

- Inclusiveness: Developing Countries excluded from North-North Regional Arrangements
- Generalized Liberalization
- Coordination of Interests
- Current Doha Agenda Negotiations Stalled Post-Cancun.

Complementary Reforms

- Trade Policy is only one part of the solution.
- Evidence shows that in order to obtain the benefits offered by global integration, complementary reforms critical.
- Overall economic policy framework.
- "Behind the Border Issues"
  - Investment Environment
  - Regulatory Regimes
  - Transparency of Policies

II. Angola: Current Initiatives

A. Challenges and Opportunities
B. Tariff Reform
C. Angola: Trade Agreements
D. Complementary Reforms

A. Challenges and Opportunities

- Economic Challenges
- Possibilities and Progress in Trade Reform
- Increased Opportunities for Market Access – Bilaterally, Regionally, and Multilaterally

B. Tariff Reform

- Substantial reductions and rationalization of import duty structure since 1999 when top rate reduced from 110% to 35%. Recently reduced again to 30%.

- Currently, only five ad valorem tariff bands ranging from two percent to 30 percent.

- Benefits of Rationalization.

B. Tariff Reform

- Additional Taxes on Trade:
  - Imposto de Consomo: Excise Taxes
  - Customs Service Fees: 5%

- Export Taxes: 4% Average

- In 2002, taxes on foreign trade (non-oil) accounted for only 5.5% of total revenue.

C. Angola: Trade Agreements

- SADC Trade Protocol
- COMESA
- WTO
- AGOA, EPAs, EBA

D. Complementary Reforms

- Non-Tariff Barriers to Trade
- Sound overall policy environment.
- To attract investment, low cost business environment and transparent policy framework:

D. Complementary Reforms

- Costs of Doing Business in Angola: World Bank 2003 Estimates
- Costs of Starting a Business:
  - 146 days and 14 separate procedures to start a business in Angola at a cost of 8 times average per capita income.
- Contract Enforcement:
  - Angola: 46 procedures and 865 days to enforce commercial contracts. Singapore 50 days.

IV. SADC Trade Protocol

A. Overview
B. Elimination of Tariff Barriers
C. Elimination of Non-Tariff Barriers
D. Exceptions to Liberalization
E. Current Issues: Midterm Review
F. Angola's Accession

A. Overview: Objectives

- Liberalization of intra-regional trade in goods and services. Establish a Free Trade Area in the SADC Region
- Ensure efficient production within SADC reflecting current and dynamic comparative advantages of its Members.
- Improvement of the climate for domestic, cross-border and foreign investment.
- Enhance the economic development, diversification and industrialization of the Region.

A. Overview: Instruments

- Elimination of Tariff and Non-Tariff barriers to Trade. (Almost) complete elimination of tariffs on intra-SADC trade by 2012
- Customs Cooperation
- Promotion and Facilitation of Cross-Border Investment
- Liberalization of Trade in Services
- Facilitation of Transit Trade

B. Elimination of Tariff Barriers

- Category A: Immediately Duty Free
  - Mostly Capital Goods and Equipment
- Category B: Duty Free 8 Years
  - Typically goods which constitute important sources of customs revenue.
- Category C: Duty Free 2012
  - Sensitive Domestic Industries

B. Elimination of Tariff Barriers

- Asymmetric Offers
- Offer to South Africa: Member States have chosen slower implementation vis-à-vis South Africa
- Differentiated Offer: All Other Member States

C. Elimination of Non-Tariff Barriers

- Quantitative Restrictions on Imports
- Export Taxes and Quantitative Restrictions
- National Treatment

D. Exceptions to Liberalization

- In the interests of National Security, Public Health and Safety,…
- Excluded Goods
- Special Measures:
  - Textiles and Garments, Sugar, Wheat Flour, Motor Vehicles
- Anti-dumping, Safeguards, Infant Industry Protection

E. Current Issues: Midterm Review

- Status of Implementation and Economic Impact
- Heavy “Back-Loading” of Tariff Offers
  - Particularly in relation to South Africa, a majority of liberalization yet to be implemented.
- Rules of Origin
  - Restrictive Rules of Origin Must be Met in a number of sectors – including textiles and garments in order to qualify for SADC preferences.
  - *AGOA vs. SADC Rules of Origin*
- Non-Tariff Barriers to Trade

F. Angola’s Accession

- Formally Acceded to the Trade Protocol in March 2003. Currently preparing schedule for implementation.
- Angola’s participation in the Midterm Review process provides an ideal opportunity for consideration of issues in the preparation of its schedule.

F. Angola’s Accession

- The largest benefit of liberalization through the SADC Trade Protocol will come from liberalization with most important trading partners.
- Within SADC the vast majority of trade is with SACU – particularly South Africa.
- To gain benefits quickly, avoid backloading of tariff phase downs.

V. WTO

A. Overview

B. Doha Development Agenda

A. Overview: Principles

- Non-Discrimination: Most Favored Nation (MFN), National Treatment
- Freer trade through negotiations
- Predictability: Binding of Tariffs, Transparency
- Encourage Competition: Target Unfair Trade Practices
- Encourage development and Economic Reform: Special assistance and trade concessions for developing countries.

Benefits of Liberalization Under the WTO

- ANNUAL benefits of WTO liberalization to Developing Countries from Uruguay Round: $109 Billion 1995

- 60% from liberalization by Developing Countries.
  - Trade Barriers are on average higher in developing countries.

Benefits of Liberalization Under the WTO

- Agricultural Trade Liberalization: $43B
  - 73% from Developing Country Liberalization of Agricultural Trade.
  - Protection is most harmful to the “protected” party.
- Manufacturing Trade Liberalization:$50B
  - 55% from Developing Country Liberalization.
- Textiles and Clothing: $12.6B
  - 71% from Developing Country Liberalization

B. Doha Development Agenda

- Launched in 2001, deadline for negotiations 2005
- Issues of Concern to Developing Countries
- Failure at Cancun jeopardizes this opportunity.

B. Doha Development Agenda

- Singapore Issues
  - Rules on Investment, competition policy, government procurement, trade facilitation
- Developed Country Agricultural Policies
- Prospects for Future of Negotiations
  - Prospective Winners and Losers
  - Implications for Angola

Conclusions

- Trade Policy and Development Objectives in Angola
- Taking advantage of the opportunities provided by AGOA, SADC, EPAs, WTO…
- The Way Forward.

THANK YOU

6: Technical Barriers to Trade: Policy Perspectives

Kathleen Trask, Ph.D.
TBT Advisor, TSG
Gaborone, Botswana

Introduction

- Technical Barriers to Trade & AGOA
- Issues for Angola
- Technical Regulations and Standards are not equivalent to Trade Barriers
  - Public Goods
  - Trade Enhancing
  - Good Domestic Regulatory Framework
    - Central to issues of competitiveness
    - Consumer Safety and Productivity
    - Attractiveness to Investors

Introduction

- TR and Standards as barriers to trade:

1. Costs of meeting higher standards increasingly demanded by consumers the world over.
   - High fixed costs of meeting standards borne by developing country exporters and maintenance of adequate regulatory systems for developing country governments can form a substantial obstacle to securing the gains of increased market access.
2. Non-Transparency, Disguised Protectionism

Basics of good regulatory practice

- Regulatory Policy Framework
- Impact Assessments
- Legislation and Design of TR
- Compliance and Conformity Assessment

- Differing Approaches to Managing TR
  - US and the EU

Angola: Current Structures

- No overall regulatory framework. Formulation of Draft policy and legislative guidelines currently being undertaken.
- No central responsible authority for formulation or coordination of TR.
  - Angolan Institute for Standardization and Quality (IANORQ), Ministry of Industry and Trade
- Need for Impact Assessments of TR
- Conformity Assessment largely limited to export oriented sectors

International Cooperation in Standards

- WTO TBT Agreement
  - Basic Principles: Most Favored Nation; National Treatment; Sham Principle; Least Restrictive Means; Transparency Principle
  - TBT and the Doha Development Agenda
- TBT in SADC
  - Memorandum of Understanding
  - SADC Standards, Quality Assurance and Metrology (SQAM) Structures
  - Future Annex to the Trade Protocol
- Harmonization vs. Equivalence
- AGOA Approaches

International Cooperation: Issues for Angola

- WTO TBT Agreement Implementation
  - Undertake key communication activities
  - Development of Required Institutions and Contact Points
  - Participation in the WTO TBT Committee
  - Opportunities for Technical Assistance
  - Benefits of Implementation
- Participation in International Standards Organization:
  - IANORQ: International Organization in Standardisation (ISO), International Electro-technical Commission (IEC)
  - International Telecommunications Union (ITU), Codex Alimentarius Commission

Regional Initiatives: Issues for Angola

- Participation in SADC SQAM Structures
  - Achievements
- Regional Cooperation Possibilities
  - Small size of SADC economies, high fixed costs of maintaining regulatory structures and standards institutions
  - Enormous advantages to sharing of regional resources in these areas.

Conclusions and Opportunities

- As traditional barriers to trade decline in importance, TBT take on increasing importance.
- Overcoming technical barriers critical to Angola’s ability to take advantage of expanded market access opportunities.
- Domestic Regulatory Framework: Attractiveness of Investment
- Cooperation with Partners
  - WTO, SADC, EU
  - US Capacity Building Initiatives.

THANK YOU

7: The Customs and Trade Competitiveness

By Theo Lyimo, Hub Customs Reform Advisor

Realities that Cannot be Ignored

- US MFN Duties on most products are generally very low;
- Suppliers from outside Sub-Saharan Africa (SSA) can get into the market even with duty paid on their products;
- Duty free admission is only a small help in the trade competitiveness equation;
- Competitiveness starts on the supply side, and involves not only the producer/exporter but also the State.

Competitiveness Factors on the Supply Side Include:

- Friendly economic climate and reasonably attractive investment incentives;
- Availability of raw materials/inputs or possibility of easily sourcing from outside the country;
- Transparent administrative controls;
- Simple trade procedures and streamlined documentation.

The Enabling Environment

- These factors largely determine the enabling environment for competitive production for export;
- The government and administrative authorities are the key players in creating the enabling environment;
- The Customs is one of dominant players and how the Customs plays can be decisive in attracting investment or enabling exports to win the competition.

Major Customs Responsibilities

- To recommend and implement measures for removing tariff barriers;
- To ensure that Customs formalities do not become non-tariff barriers;
- To meet the legitimate demands of trade;
- To innovate keeping abreast of technological developments and the way trade operates;
- To staff appropriately and adequately;
- To train, to motivate and to train;
- To embrace the best in management and corporate culture

Paradigm Shift!

- It should be understood and appreciated that the Customs is there for the big picture - the ECONOMY;
- The Customs should realize that foreign trade is the foundation of the long term economic interests of a nation and therefore deserves the same, if not more zeal, as Revenue collection;
- The Customs needs to understand that it is in partnership with the private sector in building the economy; and that
- It is a service provider.

Customs Reforms: Implement WCO Instruments

- The Kyoto Convention on the simplification and Harmonization of Customs procedures;
- The Harmonized Commodity Description and Coding System (HS)
- The Istanbul Convention on temporary importation (ATA Carnet)
- The Arusha Declaration on integrity

ALSO:

- The WTO Agreement on Customs Valuation and other Customs related Agreements.

Customs Reforms: Investment Incentives

Recommend tariff investment and export incentives, and remove non-tariff barriers

- Duty Drawback schemes;
- Manufacturing in bond;
- Export processing zones;
- Temporary importation systems;
- Passenger clearance system distinguishing tourist and business visitors from traders and returning residents.

Other Customs Reforms

- Include provisions giving rights to trade, e.g.right of appeal, interest on credits; etc.
- Develop detailed procedures and publicize them with the Customs law and regulations possibly on the national or Customs website;
- Computerize, and develop capacity for using EDI with UN EDIFACT;
- Introduce risk management and post-clearance auditing for fast clearance of goods;
- Develop a Customs client service charter, and MOU with big importers and exporters;

Customs Harmonization

- Participate in work of the WCO and other Trade Facilitation organizations;
- Be active in the various organs of SADC;
- Implement the four Customs Annexes of the SADC Trade protocol:
  - Rules of Origin
  - Customs transit regime;
  - Trade Facilitation
  - Customs Cooperation

Build Capacity for Challenges

- Establish an AGOA section in the Customs administration and encourage building of AGOA expertise;
- Provide appropriate training, including training on AGOA record keeping and visa system;
- Provide internet facilities especially for AGOA section and emphasize on constant reference to AGOA and US Customs Websites

Concluding Remarks

- With a change in attitude and introduction of reforms, the Customs can contribute to making national exports more competitive through the reduction of manufacturing costs, logistics costs and delivery times.
- The challenge facing states of the region is whether and how fast their Customs services can adapt and introduce the required reforms.
- GSP, Cotonou and AGOA will not be there forever. Doha is coming!

THANK YOU

8: ANGOLA

TRANSPORT FOR SUCCESSFUL AGOA TRADE

By SMAK Kaombwe,
Hub Transport Policy Advisor

Outline of presentation

- Transport and trade competitiveness
- Trade route components
- Typical constraints (SADC)
- Typical approaches to removing constraints (SADC)
- Angola situation and way forward.

Transport and Trade Competitiveness

<u>Main inputs of transport:</u>

- Access to inputs, products and markets
- Cost – price competitiveness of trade
- Transit times along transport chain
- Predictability and reliability of delivery
- Security and safety of trade/cargo

Trade routes components

Gateways to external trade:

- Ports (e.g. Luanda, Lobito, Namibe)
- International airports (e.g. Luanda)
- Border terminals (for trade with neighbors e.g. Namibia, Zambia and D.R. Congo)

Trade routes components Cont…

Links with international markets:

- International shipping & regional feeder services
- Air services (passenger and cargo)

Access to neighbors and internal links:

- Rail systems (Lobito, Luanda, Namibe)
- Road transport systems
- Coastal shipping and inland waterways
- Domestic and regional air services

Trade routes components Cont….

<u>Other Facilitation services:</u>

- Customs procedures and processes
- Clearing and forwarding services
- Shipping agency services
- Immigration
- Health (human, animal and plant)
- Security and safety of cargo and users
- Law enforcement (traffic, weighbridges, safety, etc.)

Typical constraints (in SADC)

<u>Infrastructure inadequacy:</u>

- Not accessing all areas with potential export production capacity (infrastructure pervasiveness/density)
- Poor condition (due to inadequate maintenance)
- Inadequate or poor transport equipment and other related facilities

Typical constraints (in SADC) Cont….

Outdated laws and regulations governing:

- provision of infrastructure and transport services
- investment conditions
- procedures and processes along a trade corridor
- important harmonisation across countries along a corridor or in a trade block (e.g. SADC)

Inefficient enforcement of laws and regulations:

- Inadequate institutional framework & capacity
- Lack of transparency and predictability

Typical constraints (in SADC) Cont….

Inefficient Operations:

- Poor management and operations of transport services (historically mainly by state owned enterprises, now transition to private sector operations)
- Cumbersome procedures and processes (Customs, at borders, at modal interchanges, weighbridge, road blocks, corruption, etc)

Typical constraints (in SADC) Cont….

Inadequate financing for:

- Expansion of infrastructure and other facilities
- Rehabilitation (of depleted assets)
- Maintenance (periodic and routine)
- Efficient transport service provision

Inadequate safety and security of:

- Cargo (to comply with especially new anti-terrorism initiatives)
- Users (accidents, etc)

Typical approaches to removing constraints (SADC Protocol based)

Transport/Development Corridors:

- Formal agreements between corridor countries on how to manage the corridor development and operations (e.g. TKC MOU, DC Constitution)
- Public-private partnership institutions to identify constraints, determine & implement solutions (e.g. TKC and DC Management Committees, Working Groups, Task Teams and Secretariats)

Transport/Development Corridors (Cont…):

- **Typical participation in public/private sector corridors committees/institutions:**
  - Infrastructure and transport service providers (port/maritime, rail, road, air, multi-modal)
  - Facilitation service providers (Customs, immigration, freight forwarding, clearing & shipping, finance, insurance
  - User associations (producers, traders – importers/exporters, tourism operators)
  - Law enforcers (safety, security)

Typical approaches to removing constraints Cont….

Transport/Development Corridors:

- Develop comprehensive action plan/projects involving typically:
  - Physical infrastructure and facilities
  - Operational improvement (private sector led)
  - Establishing suitable conditions for investment & operations
  - Harmonising technical standards
  - Establishing efficient "transit regimes" of regulations, procedures & processes
  - Establishing performance monitoring systems

Typical approaches to removing constraints Cont….

Transport/Development Corridors:

- Mobilise resources (financial, human) to implement corridor action (business) plan (e.g. through investment forums)
- Implement/facilitate implementation of projects by various partners and stakeholders.

Angola situation and way forward

Summary situation:

- Substantial amount of goods airlifted (very high cost)
- Reflecting most of outlined typical constraints, but more serious situation due to poor infrastructure resulting from long war situation
- Undeveloped trade/transport links with neighbors (substantial high rate of traffic growth between Angola with Namibia)

Angola situation and way forward

Way Forward:

- Develop strong link between transport and trade development strategies, targeting specific areas with potential to generate significant traffic/trade, AGOA related and/or other;
- Improve overall capacity, efficiency and safety of gateways to trade (ports, airports and border exit points) and related international, regional and internal transport links;

Angola situation and way forward

Way Forward:

- Improve links with Namibia (through MOU and/or joining TKC arrangement)
- Consolidate links with Zambia and D.R. Congo, through MOUs/agreements, and establish or strengthen related corridor institutions.
- Implement programs along the main trade or development corridors:
  - Lobito/Benguela to D.R.Congo and Zambia;
  - Luanda- Milange to D.R. Congo; and
  - Namibe to Namibia and South Africa and Botswana

THANK YOU